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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX III**

**of the Commission Implementing Decision on the financing of the 2022 action plan part I in favour of the Regional South Neighbourhood**

**Action Document for Advancing Climate Adaptation in the Southern Mediterranean (ACA-MED)**

**ANNUAL ACTION PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title CRIS/OPSYS Basic Act</b>	Advancing Climate Adaptation in the Southern Mediterranean (ACA-MED) 2022 action plan part I in favour of the Regional South Neighbourhood OSPYS business reference: ACT-60818 ABAC Commitment level 1 number: JAD.1017382 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in the Southern Neighbourhood countries: Algeria, Egypt, Israel <sup>(1)</sup> , Jordan, Lebanon, Libya, Morocco, Palestine <sup>(2)</sup> , Syria <sup>(3)</sup> and Tunisia.
<b>4. Programming document</b>	Multiannual Indicative Programme for the Southern Neighbourhood (2021-2027) <sup>4</sup>
<b>5. Link with relevant MIP(s) objectives/expected results</b>	Priority Area 4: Green Transition (main) Priority Area 2: Strengthen resilience, build prosperity and seize the digital transition (secondary)

(<sup>1</sup>) See Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards on [http://eurlex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2013.205.01.0009.01.ENG](http://eurlex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2013.205.01.0009.01.ENG).

(<sup>2</sup>) This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

(<sup>3</sup>) Co-operation with the Government of Syria suspended since 2011.

<sup>4</sup> C(2021) 9399 Commission Implementing Decision for the adoption of a Multiannual Indicative Programme (MIP) in favour of the Southern Neighbourhood for the period 2021-2027

<b>PRIORITY AREAS AND SECTOR INFORMATION</b>				
<b>6. Priority Area(s), sectors</b>	41010 Environmental Policy and administrative management 41030 Biodiversity 43030 Urban development and management			
<b>7. Sustainable Development Goals (SDGs)</b>	<u>Main SDG:</u> SDG13: Climate Action <u>Other significant SDGs:</u> SDG 11: Sustainable Cities and Communities SDG 14: Life below water SDG 15: Life on land SDG 5: Gender Equality			
<b>8 a) DAC code(s) <sup>5</sup></b>	DAC code 1– Environmental Policy and administrative management 60 % DAC-code 2 – Urban development and management 35 % DAC-code 3 – Biodiversity 5 %			
<b>8 b) Main Delivery Channel @</b>	41111 - UNCDF - United Nations Capital Development Fund 13000 - Third Country Government (AFD – Agence Française de Développement)			
<b>9. Targets<sup>6</sup></b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <sup>7</sup> <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance <sup>8</sup>			
<b>10. Markers <sup>9</sup> (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>5</sup> DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab ‘purpose codes’ in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/dacandcrscodelists.htm>

<sup>6</sup> Actual contribution to targets will be confirmed ex-post based on a standardised methodology.

<sup>7</sup> For the Neighbourhood, activities related to education shall be marked as part of the “Social Inclusion and Human Development” target, in line with the NDICI-GE programming guidelines.

<sup>8</sup> Thematic target for geographic programmes (at least 15%) in delegated act.

<sup>9</sup> For guidance, see <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/> (go to “Data collection and resources for reporters”, select Addendum 2, annexes 18 (policy) and 19 (Rio) of the reporting directive).

If an action is marked in the DAC form as contributing to one of the general policy objectives or to RIO principles as a principal objective or a significant objective, then this should be reflected in the logframe matrix (in the results chain and/or indicators).

**11. Internal markers<sup>10</sup>**

Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
Biological diversity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Combat desertification @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
<u>Digitalisation @</u> Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<u>Connectivity @</u> Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**BUDGET INFORMATION**

<b>12. Amounts concerned</b>	Budget line: 14.020110 Total estimated cost: EUR 16 600 000 Total amount of EU budget contribution: EUR 15 000 000 This action is co-financed in joint co-financing for an amount of EUR 1 600 000
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**MANAGEMENT AND IMPLEMENTATION**

<b>13. Implementation modalities (type of</b>	Project Modality <b>Indirect management</b> with the United Nations Capital Development Fund (UNCDF) and the Agence Française de Développement (AFD)
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<sup>10</sup> These markers have a different scope/rationale than the DAC codes. They are drawn from the level of budget allocation and emphasis given to the action in terms main objective(s) selected. This section should be in line with the definition of objectives, results, activities in description of the action.

## 1.2. Summary of the Action

The Mediterranean region has been identified as a climate change hotspot, warming 20% faster than the global average, causing a wide range of negative impacts on the environment, the availability of food and water, human health and security. In urban areas, climate change carries even more severe consequences, given the population density. In the Mediterranean, in 2018, 60% of the people already lived in urban areas, and continued urbanisation trends are expected to further exacerbate the climate crisis and put further pressure on natural resources and the environment.

In the light of these challenges, there is an urgent and critical need to support Southern Neighbourhood countries in their efforts to increase their resilience to climate change. The proposed programme will focus on this area of intervention, and will place particular emphasis on climate adaptation measures that also protect the region's rich biodiversity, which has been under increasing pressure.

The overall objective of the programme is to promote the green transition and increase environmental and climate resilience of economies and communities in the region, leading to improved quality of life for men and women.

The specific objectives of the programme are to:

- a) Enhance knowledge, climate governance, policies and action plans at national/central level for successful implementation of Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) and to facilitate access to climate finance for adaptation.
- b) Increase local authorities' access to climate finance to implement climate change adaptation investments.

The programme will aim at leveraging and attracting additional funding for climate adaptation and will prepare the grounds for the use of blending interventions through the European Fund for Sustainable Development Plus (EFSD+). Awareness raising and promoting citizens' engagement and behavioural changes will be an integral part of the intervention.

The programme will include two separate actions which will work in an integrated fashion and build on the achievements of current and previous regional and bilateral projects:

- 1) The AFD's AdaptAction programme, already active and bringing good results in other countries, will be expanded to the Southern Neighbourhood. Actions will consist of interventions at the central level, promoting climate integration and planning at horizontal level, across Ministries and preparing the grounds for large scale investments, using a tested methodology.
- 2) The Local Climate Adaptive Living (LoCAL) facility designed and hosted by UNCDF, is already active and successful in other countries, and will be expanded to the Southern Neighbourhood. Actions will use the tried and tested 'LoCAL mechanism' to integrate climate change into local governments' planning and budgeting systems and increase awareness of and response to climate change at the local level. It will thereby promote climate integration with a vertical approach, from the central governments to the local authorities.

The two actions will be implemented through two separate contracts but will be coordinated very closely at national level for all the work on the ground and regionally through the participation of all implementing partners in each other's Steering Committees. Together, the two actions will be part of an overall Programme (Advancing Adaptation Action in the Southern Mediterranean – ACA-Med) as described in this Action Document.

In the context of the COVID-19 pandemic, the programme will also contribute to foster a sustainable, resilient and climate-neutral economic recovery in partner countries, in the spirit of 'building back better'.

The proposed programme in line with the objectives of the **European Green Deal**, the commitments made under the **United Nations Framework Convention on Climate Change (UNFCCC)** including the Paris Agreement and at following COPs and the **EU Strategy for Adaptation**.

The measures are also supportive of the goals outlined in the **Joint Communication on a renewed partnership with the Southern Neighbourhood – a new agenda for the Mediterranean<sup>11</sup> (and its Economic and Investment Plan)**, in particular Policy Area 5: Green transition: climate resilience, energy, and environment, and are in line with the shared commitments expressed in the **2021 UfM Ministerial on Environment and Climate Action**.

The actions contribute directly to the achievement of the objectives outlined in the **Multi-Annual Indicative Programme for the Southern Neighbourhood (2021-2027)**, under Priority Area 4: Green Transition, and more specifically, to the sub-objective 4.1 (Climate Action). It contributes to the **Rio Convention** objectives, and to several SDGs: **SDG13: Climate Action**, **SDG 11: Sustainable Cities and Communities**, primarily, and to SDG 14: Life below water and SDG 15: Life on land, on a secondary level.

## 2. RATIONALE

### 2.1. Context

The Mediterranean region faces a range of well-known challenges, including governance, socio-economic, environmental and security issues. **Economic** growth has not kept pace with the region's rapidly growing population, leading to high rates of unemployment, especially amongst the youth (28%), as well as widening inequalities. Furthermore, Southern Neighbourhood economies have limited trade and economic integration amongst each other, and remain insufficiently competitive on the global market. **Gender inequalities** are very significant, with women's participation in the labour market being one of the lowest in the world, as estimated by ILO (20% in 2018). The COVID-19 pandemic has further reinforced these trends and further increased people's economic and social vulnerability.

Adherence to and respect of fundamental values of **democracy, human rights and rule of law** remain an issue in the region, and tackling these is central to the EU's renewed partnership with the Southern Neighbourhood, figuring as the first pillar in the New Agenda for the Mediterranean adopted in 2021.

Unsustainable use of natural resources, environmental degradation and the impacts of climate change have further exacerbated existing challenges, jeopardising access to water, food and energy, accelerating desertification and loss of biodiversity and threatening lives and livelihoods.

The Mediterranean region has been qualified as a **climate change** hotspot, warming on average 20% faster than the rest of the world, as per the findings of the Mediterranean Experts on Climate and Environmental

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<sup>11</sup> JOIN (2021) 2 final of 09.02.2021

Change first Mediterranean Assessment Report (MAR1), released in 2020. The impacts of climate change in the region are already severe. Extreme weather events such as heat waves, fires, draughts, heavy rains and floods are increasingly frequent and intense. Sea levels in the Mediterranean has risen on average by 6 cm over the past 20 years, and this trend is expected to accelerate, with dire consequences for heavily populated coastal cities. Sea level rise will impact infrastructure, aquifers, coastal crops but also cultural assets and world heritage sites that are of intrinsic value and also generate tourism, an important economic activity for the region. Climate impacts affect key economic sectors, in particular agricultural production and fisheries, hindering economic growth and aggravating social and political tensions, possibly also leading to increased migration. Due to existing inequalities and limited access to resources and decision-making, women are particularly vulnerable to climate change. The MAR 1 concludes that due to global and regional trends in climate change drivers, climate change impacts will be exacerbated in the coming decades, especially if global warming is not kept within 1.5 to 2C above pre-industrial levels. It further adds that significantly enhanced efforts are needed in order to adapt to the inevitable changes, mitigate change drivers and increase resilience.

Southern Mediterranean cities are growing, notably on the coast. Impacts of climate change on urban areas are expected to be disproportionately high due to a high concentration of population and assets, especially in high-risk prone areas. The MAR1 concludes that due to increasing heat stress, the planning and management of cities around the Mediterranean will need to focus specifically on human health and on building resilience to environmental changes.

The above challenges call for urgent assistance from the international community. Climate action is a key priority of the Commission, being at the core of the **European Green Deal**. The EU is a global leader on climate action and has committed to devoting a substantial part of its Official Development Assistance to tackling these issues in third countries. The **EU Adaptation Strategy**, adopted in 2021, also calls for stepping up international action on adaptation. Tackling climate change in the Southern Neighbourhood is of particular importance to the EU, considering our proximity and interdependence with this region, and is in line with the priorities expressed in the Joint Communication for a Renewed partnership with the Southern Neighbourhood – A new Agenda for the Mediterranean<sup>12</sup>

. The UfM countries have also recently reaffirmed their commitment to joint environmental and climate action through a **Ministerial Declaration** adopted in October 2021 in Cairo. Additionally, the UfM Ministerial Declaration on Research and innovation adopted on 27 June 2022 highlighted climate change together with renewable energies and health as priorities in the region. Countries committed to promote Research and Innovation actions particularly to assess the impact of water scarcity and extreme events such as floods, droughts and heat waves in rural and urban areas negatively affecting livelihoods, and to develop adaptation strategies, innovative technologies and practices for sustainable agricultural production, and preserving biodiversity as well as marine activities in the Mediterranean in relation with marine biodiversity and protected areas , and ecosystem services in the context of climate change tackling the pollution of sea and coastal areas.

The programme will include two closely interrelated components: A component aimed at reinforcing the capacities of local authorities and increasing climate finance for adaptation at the local level (implemented by UNCDF through a Contribution Agreement) and a component focussing on interventions at the central level, promoting climate integration and planning across Ministries and preparing the grounds for large scale investments (implemented by AFD through another Contribution Agreement)

The programme will be complementary with other ongoing and planned bilateral and regional interventions, notably with the EU for Climate Action in the Southern Neighbourhood project (Clima MED), still on-going, and the six Climate for Cities projects, starting in early 2022.

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<sup>12</sup> JOIN (2021) 2 final of 09.02.2021

**Clima MED** has provided a solid basis on which the programme will build. In particular, the programme will make use of the National Coordination Groups (NCGs) established in every country, and will use the Climate Action Strategies developed by Clima MED that provide guidance on effective climate mainstreaming. Clima MED has also promoted local level climate action, by supporting cities in the development of Sustainable Energy Access and Climate Action Plans (SEACAPs) and in their affiliation to the Global Covenant of Mayors initiative for climate and energy (CoM), via a regional branch for Northern Africa and Middle East, the CoM MED. The programme will build on these achievements and interact with the SEACAP Support Mechanisms established in each country, to raise funding for the financing of existing SEACAPs.

The programme will also interact with the **Climate for Cities (C4C)** programme, and its six grant contracts currently under implementation in several countries of the region (Tunisia, Lebanon, Israel, Jordan and Palestine) where cities have partnered with CSOs, universities, the private sector and other relevant partners to implement SEACAPs through integrated local projects.

Adaptation still only constitutes 21% of international climate finance in 2018 (OECD, 2020), which underlines both a financial effort to be made by Developed Countries but also a need to support access to relevant climate finance through relevant national policies, action plans and capacities to elaborate robust adaptation projects.

AFD and UNCDF have been identified as ideal partners for this programme, *inter alia*, by virtue of their solid track record on raising climate finance for adaptation:

The AFD's AdaptAction phase I had a leverage effect on 10 projects for a volume of 595 million euros funded or co-funded by AFD and other donors (GCF, EU). Furthermore, 10 additional projects accompanied by AdaptAction are currently under instruction, leading to a potential leverage effect of more than 1 billion euros<sup>13</sup>.

The UNCDF mechanism uses a demonstration effect to trigger further funding flows for local adaptation, including both national fiscal transfers and transfers of global climate finance through central governments to local authorities. 30 countries are currently engaged with LoCAL and with 17 countries in implementation phase and 13 countries under preparation. Over 2014-2021, the LoCAL Facility and countries have mobilised USD 125 million in grants from various source of finance, domestic and international, development and climate finance. This represents a 10-fold leverage to the global funding provided by EU (INTPA) through the Global Climate Change Alliance. In addition, 13 countries are supported in their direct access to international climate funds from the Green Climate Fund and the Adaptation Fund for a value of projects of USD 175 million. The LoCAL Board composed of 30 member countries also engages with the UNFCCC and its financial mechanisms to increase the recognition of the LoCAL as a systemic approach for adaptation, resilience and sustainability and recognising the fundamental role of local governments in delivering on the Paris Agreement, NDCs and NAPs and climate related SDGs.

## **2.2. Problem Analysis**

### Short problem analysis

Global climate and environmental challenges are a significant threat multiplier and a source of instability (as clearly stated in the Council Conclusions on Climate Diplomacy, 2018). The EU is committed to working with its partner countries in the Southern Neighbourhood to build climate and environmental resilience and to prevent these challenges from becoming sources of conflict, food insecurity, population displacement and forced migration. The EU is also committed to supporting its partner countries in their low carbon transition,

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<sup>13</sup> These refer to projects to be implemented in other parts of the world (outside of the Southern Neighbourhood region).

in line with the objectives of the Paris Agreement, and of the European Green Deal, especially at this point in time while countries are slowly engaging in economic recovery from the COVID-19 pandemic.

The interventions focus on **climate adaptation**, a stated key priority for the Southern Neighbourhood, bearing in mind that the region emits less than 1% of global greenhouse gas emissions and yet is highly impacted by the impacts of climate change. Adaptation also requires grant funding as its returns on investment are not as clear or easy to quantify as mitigation actions, and therefore often fail to attract private funds or loans.

The support will target adaptation at the local level, recognising that local authorities are uniquely positioned to identify the climate change adaptation responses that best meet local needs. Furthermore, they typically have the mandate to undertake the small- to medium-sized adaptation investments needed to build climate resilience. Yet they frequently lack the resources to do so, especially in a way aligned with established decision-making processes and public planning and budgeting cycles.

The intervention will be designed in a way as to leverage and attract further funding from other sources, potentially through blending operations and/or with the use of the guarantee mechanisms established under the European Fund for Sustainable Development (EFSD)+.

## Key stakeholders

### **Local authorities**

Climate change adaptation largely falls within the scope of the mandate and responsibilities of local authorities. Although their mandates vary from country to country, local authorities have historically been responsible for land use planning, environmental and construction regulation, natural resource management and investments in infrastructure including irrigation and drainage and protection from natural hazards. These activities are fundamental to climate change adaptation and to building community resilience. Despite the clear relevance of the local level to meaningful adaptation, evidence shows that most local governments in low and transitional economies cannot contribute effectively to climate change adaptation and resilience building due to a lack of technical and financial resources. Local authorities will play a key role in the programme. They will benefit from grants, capacity building and technical assistance.

### **Local communities**

Climate change adaptation responses differ from place to place and are highly context sensitive. Local communities are well positioned to understand the diversity and complexity of local ecosystems as well as the needs and priorities of vulnerable groups including women, children and minorities. Local communities and vulnerable groups will participate in the identification and selection of priority adaptation measures against identified climate risks and vulnerabilities. They will contribute to projects' implementation (through community contracting or as workers of local SMEs) as well as their monitoring and subsequent management. The participation of local communities will also contribute to the ownership and sustainability of the investments derived from the actions.

### **Central governments**

Central government institutions in charge of local authorities and of climate change typically have the responsibility to mainstreaming climate change in government systems and to support local authorities in accomplishing their mandates. They are therefore central to the action. Other key institutions include ministries of finance and planning and ministries in charge of sectors particularly sensitive to climate change (e.g. agriculture, water, infrastructure, energy, etc.). They will also receive support through the project.

### **The private sector**

Private sector will benefit and contribute to the actions. Within the climate adaptation component, they will benefit from income generation as they will be involved in works, services and other investments-related tasks through local procurement processes. Where climate resilient investments are commercially viable, public-private partnerships and/or recourse to private finance will be sought.

### **Civil society (CSOs)**

CSOs and NGOs active in environmental and climate action will be engaged in the action, including, where appropriate, women and/or gender-specific CSOs. They will play a key role in awareness raising within local communities and support the participation of vulnerable and minority groups in the project development and implementation.

### **International Financing Institutions (IFI's)**

The projects will support countries in accessing international climate finance to further scale-up their projects and accelerate adaptation investment. Accordingly, IFIs will be engaged from the start of the programme.

### **Union for the Mediterranean (UfM)**

The UfM is the main forum for regional policy dialogue on environment and climate action in the Southern Neighbourhood. It can play a role in creating further dialogue and events around the key aspects of the programme, and promote project outcomes<sup>14</sup>.

## **3. DESCRIPTION OF THE ACTION**

### **3.1. Objectives and Expected Outputs**

The **Overall Objective** (Impact) of the programme is to promote the green transition and increase environmental and climate resilience of economies and communities in the region, leading to improved quality of life for men and women.

The **Specific Objectives** (Outcomes) of this action are to:

- 1) Enhance knowledge, climate governance, policies and action plans at national/central level for successful implementation of NDCs and NAPs and to facilitate access to climate finance for adaptation.
- 2) Increase local authorities' access to climate finance to implement climate change adaptation investments

#### Contributing to specific objective 1 (implemented by AFD)

AFD's AdaptAction is organised around three pillars: I. Understand (operational research), II. Plan (governance and public policies), III. Invest (vulnerability and feasibility studies for innovative and transformational investments) and two cross-cutting components (Gender & social inclusion; knowledge management and outreach).

**Output 1.1:** Understand – Operational research is conducted to better understand adaptation issues.

**Output 1.2:** Plan - Capacities to respond to climate change adaptation are increased at the national level and adaptation is included more effectively in sectoral policies, action plans, and governance instruments.

**Output 1.3:** Invest - Funds are leveraged to implement resilient and inclusive adaptation pathways through AFD, EU, GCF and/or other donors.

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<sup>14</sup> Noting also that Clima MED, on which this programme builds, was UfM labelled.

Cross-cutting to all the above outputs:

- a) Gender equality and social inclusion are promoted within adaptation actions
- b) Robust, salient and useable knowledge on adaptation issues is shared and available to actors and decision makers

Contributing to specific objective 2 (implemented by UNCDF):

- Output 2.1:** Awareness and capacities to respond to climate change adaptation are increased at local level
- Output 2.2:** Climate change adaptation is integrated in local plans and budgets and gender-sensitive climate change adaptation interventions and investments are implemented.
- Output 2.3:** An effective, performance-based, climate resilient grant (PBCRG) system is established in targeted local governments and operational for additional funding.

### 3.2. Indicative Activities

**In relation to Specific Objective 1) to be implemented by AFD:**

Indicative **activities** under the output 1.1 (pillar I - Understand):

- Operational research will be undertaken involving international and national organizations on identified priority topics, which could include: the climate-biodiversity-society nexus, transnational vulnerabilities, indicators of adaptation progress, opportunities and constraints for transformational adaptation, etc. based on the identification of the specific needs of the countries covered by the project. Any research conducted will target identified needs and gaps and will complement, without duplicating, existing research. Knowledge produced will be oriented towards operational recommendations that are relevant and usable to policymakers and practitioners. Support may also be provided for relevant joint research and innovation actions.

Indicative **activities** under the output 1.2 (pillar II – Governance and public policies):

- Multi-stakeholder national workshops under the aegis of Ministries of Environment to identify gaps, barriers and opportunities for adaptation policies, plans and projects.
- Technical assistance for institutional and capacity strengthening of climate governance and sectoral actors.
- Support to partner governments at inter-ministerial level to improve data collection and translate robust climate data into policies, plans and projects.
- Technical assistance to jointly develop (multi)sectoral policies and plans at the national level, in coordination with UNCDF and other relevant actors at the local level.
- Support governments in the design of budgets and funding mechanisms to finance adaptation policies and plans.
- Support national organizations for GCF accreditation and capacity strengthening to improve access to climate finance.
- Assessment of needs and capacity gaps for Monitoring and Evaluation (M&E) tools of NDC's implementation at national level (in coordination with the NDC Partnership, with UNCDF and other relevant actors at local level to promote a vertical integration of adaptation).
- Joint development of M&E tools with key administrations (such as Ministry of Environment and other relevant Ministries) with potential contribution to the Global Goal of adaptation.

- Development of guidelines and tools to enhance adaptation in specific sectors where gaps have been identified (including gender issues and social inclusiveness) relevant for the Southern Neighbourhood regional context.

Indicative **activities** under the output 1.3 (pillar III – Innovative and transformational investments):

- Development of vulnerability and feasibility studies as a basis for the development of robust adaptation projects, with a focus on innovative approaches addressing the climate-biodiversity-society nexus, transformational potential, gender and social inclusiveness. Expected projects will mobilize international climate finance, including through AFD, with potential co-funding from the EU (through EFSD+) and GCF. AFD will ensure synergies with UNCDF's Climate-Risk Vulnerability Assessment (CRVA) for studies conducted under pillar III.

Under the cross-cutting objectives, the following indicative **activities** are identified for gender and social inclusiveness (a):

- Following AdaptAction Gender Action plan, mobilization of relevant gender and social inclusiveness experts to mainstream these issues within all programme's activities (analysis of social dimensions of vulnerabilities, inclusion of vulnerable and marginalized population in participative activities, research projects on social inclusion and gender issues, capacity building and knowledge sharing on gender and social inclusion, etc).
- Support to the development of projects specifically addressing climate adaptation in social issues: adaptative social protection, support to better integrate adaptation within education and health systems, etc.

Under the cross-cutting objectives, the following indicative **activities** are identified for knowledge management (b):

- Knowledge management and outreach activities will be part of all studies conducted to ensure the dissemination and appropriation of results by relevant actors.
- Capacity-building activities, in particular peer-to-peer regional workshops for Ministries of Environment and other sectoral Ministries in partner countries.
- Contribution to epistemic communities and communities of practice (knowledge sharing, organization of events, support to local champions ...).
- Fostering of South-south and South-North knowledge and good practice sharing.

Specific activities to be developed for each country will be based on an assessment of previous and ongoing support, from EU and other donors, as well as an up-to-date needs analysis. The project will build on existing tools and structures, to ensure optimization of the latter and to provide further support, as required, in accordance with specific identified needs under each work-stream.

### **In relation to Specific Objective 2) to be implemented by UNCDF (LoCAL):**

#### **Preliminary information on how the UNCDF-LoCAL mechanism works:**

LoCAL applies principles of fiscal decentralization and effective local planning and public financial management to climate change. It combines technical and capacity building support with performance-based climate resilience grants (PBCRGs), which ensure programming and verification of climate change expenditures at the local level.

Performance-based grants complement regular allocations made by the central level to local governments through the intergovernmental fiscal transfer system. They provide a financial top-up to cover the additional costs of making investments climate resilient.

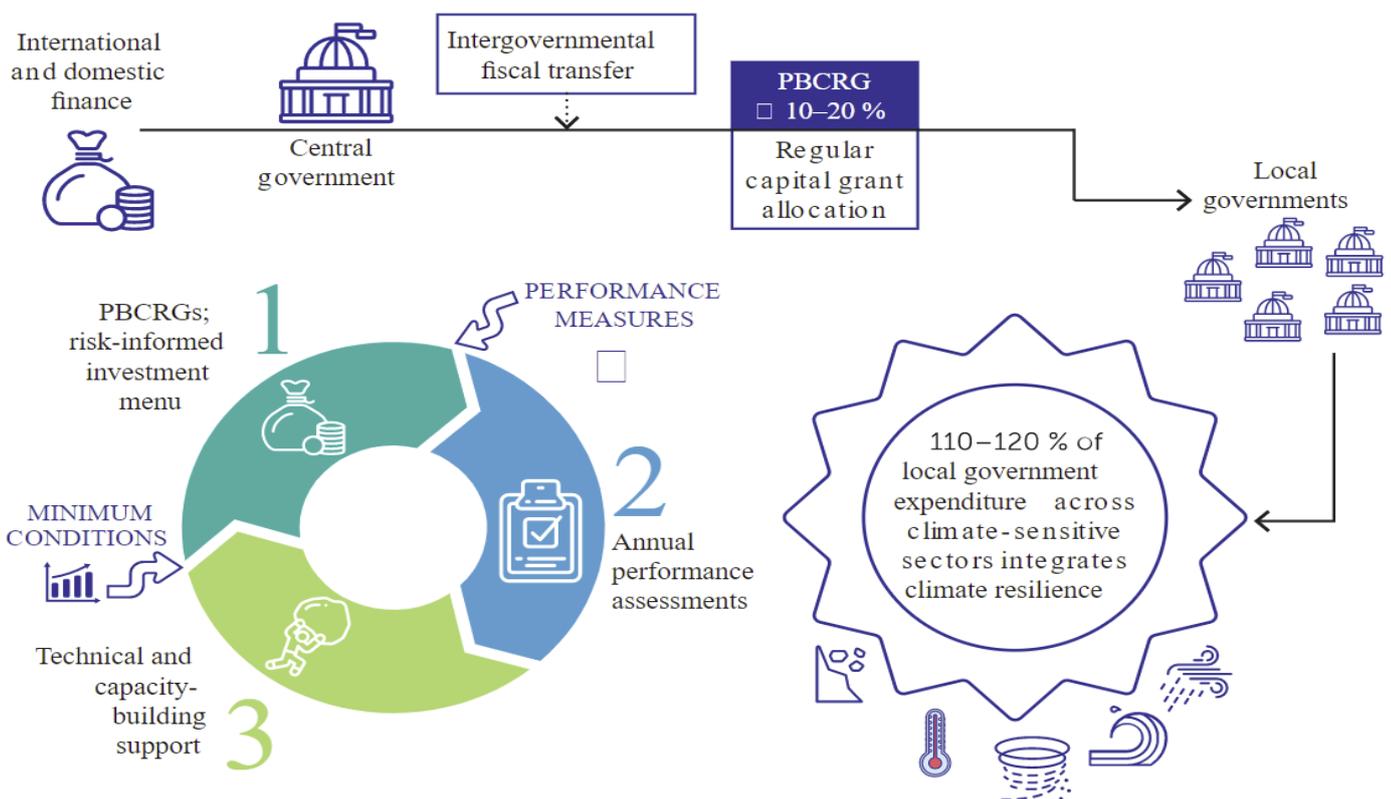
Their technical features include:

- A set of minimum conditions: these are the basic requirements with which local governments have to comply in order to access the grants. These conditions are formulated to ensure that a minimum absorptive capacity is in place to handle the funds.
- Performance measures: these are a set of indicators against which local governments are assessed on an annual basis. These are predominantly qualitative measures of performance (such as the quality of the planning, integration of climate change adaptation, successful execution of the adaptation measures, etc.). Overall performance against the set of measures is used to adjust the level of funds made available to local governments the following year.
- A menu of eligible adaptation investments: this is the set of areas of interventions or measures within local authorities' remit that can promote climate resilience. It is used in conjunction with Climate-Risk Vulnerability Assessment (CRVA) and the 'Assessing Climate Change Adaptation' Framework to inform the planning process and act as safeguard. UNCDF'CRVAs will be conducted in synergy with AFD's vulnerability studies, when available.

Deploying the grants typically involves these steps:

- Undertaking local climate risk assessments to inform adaptation planning and mainstreaming
- Integrating adaptation in a participatory and gender-sensitive manner in local development planning and budgeting processes
- Disbursing grants in the context of local governments' annual planning and budgeting cycles
- Developing, selecting and implementing specific adaptation measures
- Appraising performance to determine how additional resources have been used and conducting audits as part of a regular national process; these performance results inform the next year's PBCRG allocations and capacity-building support
- Providing capacity-building and technical support activities to identified needs at the policy, institutional and individual levels

Figure: LoCAL diagramme:



Indicative **activities** under the output 2.1:

- Awareness-raising and community engagement activities at local and national level on climate action and the role of local authorities in addressing climate change, (ex. communication material, radio and TV programs, video, stories, social media and/or workshops).
- Assessment of needs and capacity gaps in relation to key elements of the approach (ex. Climate-Risk Vulnerability Assessment (CRVA); adaptation planning and mainstreaming; multi-criteria analysis for prioritization and selection of adaptation interventions; gender mainstreaming; accountability and transparency; environmental safeguards).
- Review or undertaking of localized climate risk and vulnerability and adaptation assessments (CRVA) to inform adaptation planning, mainstreaming and selection of adaptation interventions and investments at local level, and establishment of a system to regularly update the CRVA.
- Capacity building activities at central and local level (ex. on-the-job learning; trainings; technical assistance; coaching) according to needs and capacity gaps identified.
- Training to Ministry, Agency or devolved department in charge of the NDC and NAPs, in use of M&E tools - "[Assessing Climate Change Adaptation Framework](#)" (ACCAF)<sup>15</sup>

Indicative **activities** under the output 2.2:

- Review of CRVA and other climate related studies findings and integration of climate change adaptation in local development planning and budgeting in a participatory and gender-sensitive manner
- Costing, selection and prioritization of adaptation interventions and investments to be financed through the performance-based climate resilient grants (PBCRGs) in a participatory and gender sensitive

<sup>15</sup> The ACCAF is a monitoring and evaluation (M&E) framework which focuses on the adaptation aspects of the LoCAL mechanism. It helps to ensure that the interventions selected for funding are consistent with adaptation priorities.

manner, using multiple criteria adapted to local circumstances as a result of dialogue with communities (e.g. risks, feasibility, economic and social benefits...).

- Disbursement of PBCRGs to support the implementation of adaptation interventions and investments in the context of local authorities' annual planning and budgeting cycles.
- Implementation of selected adaptation interventions and investments with the involvement of local communities (i.e. community contracting), devolved services and through procurement with local SMEs.
- Use of the ACCAF tool for investment planning.

Indicative **activities** under output 2.3:

- Design of the PBCRG system including size of grants, flow of funds, institutional set up, roles and responsibilities, minimum conditions, performance measures, menu of eligible investments, ensuring that grants are channelled through established systems (rather than parallel or *ad hoc* structures).
- Annual performance assessments (APA) of the participating local authorities including compliance to minimum conditions for the subsequent year, appraisal against the performance measures and compliance with the menu of eligible investments.
- Definition of the PBCRG allocations for the subsequent year and priority capacity building interventions designed to address weaker performance areas identified under the APA.
- Lesson learning and institutionalization of the mechanism, through outreach, policy advice and institutional strengthening of central entities in charge of local authorities and climate change (ex. manuals, guidelines, regulatory environment)
- Support to national authorities (Ministries, accredited bodies, national designated authorities, focal points for GCF or NDA) to mobilize technical and financial support, from in-country development partners and international climate finance in particular through accreditation to the AF or GCF for the national roll out (phases II/III).
- Deployment of the "Assessing Climate Change Adaptation framework" for quality assurance, M&E and reporting linked and complementary to the national frameworks.
- Exchange of experience in the region and international outreach to UNFCCC related events and conferences.

To achieve more efficiently the programme's outputs, the two projects will also consider the development of digital and data technologies, within the context of relevant activities, as appropriate.

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

**Outcomes of the Environmental Impact Assessment (EIA) screening** (relevant for projects and/or specific interventions within a project).

The EIA screening classified the action as Category C (no need for further assessment) since the action directly contributes to environmental goals.

Climate adaptation measures often coincide with environmental measures. The two interventions will:

- systematically apply environmental country standards and practices to investments financed through the project
- Promote nature-based solutions, biodiversity and ecosystem-based adaptations as part of an overall strategy to help adapt to the adverse effects of climate change. Ecological vulnerabilities will be integrated in the Climate-Risk Vulnerability Assessment (CRVA) and nature-based solution will be included in the investment menus.

- Ensure that investments fostered by the project strictly follow country standards and EIA screening processes of the investors (AFD, GCF, EU, etc).

**Outcome of the Climate Risk Assessment (CRA) screening** (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this action is no or low risk (no need for further assessment) since the action directly contributes to climate goals

At the national level, actions start with assessing and reviewing climate risks, vulnerabilities and adaptation options through Climate Risk and Vulnerability Assessments (CRVA) and/or using other related studies undertaken by AFD and ClimaMed. This step not only promotes innovative investments for climate resilience, but also lays the groundwork for systemic subnational adaptation. Following the national CRVA, current and future climate change risks are analysed, climate vulnerabilities are assessed and adaptation options are identified, at the local level.

Climate change mainstreaming requires translating these concepts into an on-the-ground understanding of climate risks, vulnerabilities and adaptation options, as well as related capacity-building needs. The use of local climate information in terms of climate risks and vulnerabilities is essential to ensure investments are indeed contributing to increasing climate change resilience.

Investments fostered by the project strictly follow country standards and the Climate Risk Assessment screening process of the investor (AFD, GCF, EU, etc).

### **Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1.

Gender equality remains a challenging issue in the region and women are in general still marginalised in the public and private sphere in terms of their economic, social and political participation. The two projects will seek to address gender inequality in the following ways:

In relation to outcome 1) (AFD contract): A cross-cutting component is dedicated to gender and social inclusiveness, so as to mainstream gender issues within the whole AdaptAction programme: the initial dialogue with national stakeholders to define the activities will specifically include gender issues; sectoral policies and plans will systematically address gender issues; vulnerability and feasibility studies will include gender-specific dimensions with a view to determining potential activities to reduce specific vulnerabilities, etc. Activities and co-construction approaches will strive to foster the emergence of national experts in gender in adaptation issue.

Regarding the outcome 2 (UNCDF contract): the LoCAL mechanism recognizes the different ways in which women and men can be affected by climate change, as well as the importance of their particular contributions to solutions. Consideration is given to diverse cultural, political and other norms in each country, affecting the role of women and vulnerable groups. This will inform approaches to involve women and other vulnerable groups in the capacity needs assessments, the CRVAs, annual planning process and participation in the decision making processes, implementation of investments and the monitoring and oversight that follows. Climate change risk, vulnerabilities and adaptation responses will be identified and analysed at local level using both quantitative and participatory approaches. The assessment will provide gender- disaggregated findings and poverty alleviation linkages. Gender-sensitive performance measures and performance measures that promote inclusive participation will be integrated in the PBCRGs upgraded design. At the stage of

assessing performance, dedicated interviews separate interviews with women and youth will be performed in line with the performance assessment manuals. The menu of investments will include measures that are specifically targeted at women to further ensure concrete investments directly benefitting them.

### **Human Rights**

The participation of vulnerable groups is integral to successful adaptation at the local level. Consequently, the project will seek engagement with communities, women and other vulnerable groups to promote their inclusion in various ways throughout the cycle, leaving “no one behind”. It contributes to local democracy and respect of human rights.

At local level, the participation of communities and of women’s groups in planning, execution, monitoring and management of the investments will be incentivised through the performance-based grants system established.

Vulnerability and feasibility studies will involve local-level participation so as to better take into account local stakeholders’ diversity, improve project relevance and reduce risks of maladaptation.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0.

Nevertheless, an inclusive approach will be developed within the interventions, and in particular for the construction of socio-economic infrastructure (schools, health centres, access roads) for which the action participates in co-financing the additional costs necessary for adaptation to climate change. In this case, the integration of specific access for people with disabilities will be requested.

### **Democracy**

Local climate grants (performance-based climate resilience grants (PBCRGs) disbursed through the UNCDF LoCAL component are used to help build stronger and more transparent government systems. The indicators for minimum conditions and performance measures typically include good governance indicators, related to, among other items, public financial management, procurement, transparency and accountability, as well as measures that promote participation and equality. Performance measures are particularly important in countries where weaker governance, financial management, transparency and accountability have a negative impact on effective service delivery and the targeting of local needs; where democratic institutions are not in place or are not sufficiently strong at the local level; or where countries face political constraints.

In the AFD’ component, participation is ensured at different levels, from initial multi-stakeholder workshop to identify gaps and needs to be addressed by the programme until participative vulnerability analysis at the local level to ensure that the voices of the most vulnerable are better taken into account within investment processes.

### **Conflict sensitivity, peace and resilience**

Climate change indirectly increases the risk of conflict by acting as a threat multiplier and exacerbating existing social, economic and environmental factors. Well-designed and inclusive climate adaptation measures take conflict risks into account and contribute towards limiting future conflicts.

The UNCDF’s intervention, acting at the local level, ensures that adaptation capacities and community resilience are strengthened. Planning is undertaken through multi-stakeholder processes and benefits from a strong engagement from the community, civil society and private sector stakeholders. This multi-stakeholder participation is also in itself a powerful means to strengthen social cohesion and community resilience thereby contributing to conflict prevention and peace.

### Disaster Risk Reduction

Climate change integration requires a good understanding of key climate change concepts and on-the-ground climate risks, vulnerabilities to climate change, and adaptation options. Essentially, the intersection of climate hazards with exposure and vulnerability conditions leads to different levels of climate risks.

Adaptation involves the management of climate risks by the identification, characterization and reduction of the manner in which human and natural systems are vulnerable to climate change, focusing on developing and reinforcing adaptive capacities. In addressing climate risks and vulnerabilities, the programme promotes an improved integration of DRR and adaptation approaches, potentially including transformational adaptation<sup>16</sup>.

Climate risk assessments to be developed under the programme seek to understand the nature and level of climate risks on an exposed territory by determining the probability of occurrence of climate-related events (e.g. droughts, floods, windstorms) and slow-onset events (e.g. increased temperature, changing weather patterns) and their impacts. Analysis of the underlying causes of the issues to be solved – in terms of climate risks and vulnerabilities – helps in determining whether the proposed intervention will be effective.

The programme’s adaptation measures will therefore directly contribute to disaster risk reduction.

### Other considerations if relevant

Climate change is a factor of pressure on vulnerable groups and can exacerbate or further drive rural to **urban migration of women and youth**, as well as regional and international **migration**. These factors will be considered in designing interventions. Likewise, the programme will further explore work in coastal areas, given their increasing priorities with respect to climate change adaptation.

### 3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1- To the external environment	Geopolitical, security or sanitary situation in the country or in the targeted zones hamper the good implementation of the action.	M	H	Both UNCDF and AFD have experience in successfully implementing programs during the COVID-19 pandemic and adapting their work modalities to this global context while still delivering results, directly or remotely. If a new (or the same) global threat were to arise, the situation would be analysed, with help of the in-country staff, and in close coordination with the Contracting Authority in order to adjust working modalities or if needed, deliverables, accordingly.

<sup>16</sup> Transformational adaptation refers to adaptation that changes the fundamental attributes of a system in response to climate and its effect (IPCC, 2022). This approach focusses on strategies and actions that will move towards climate-resilient pathways for sustainable development, while at the same time helping to improve livelihoods, social and economic well-being, and environmental management.

1-to the external environment	Changes in government personnel (technical staff) lead to activities' disruption	M	M	Country-based technical advisors and staff work with the government partners in case adjustments are needed when changes occur. Through UNCDF's focus on building a country-based mechanism, any changes in personnel do not unduly affect the country initiatives. Both actions, working at Ministry level, with specialised agencies, devolved department and at local authorities' level ensures a continuity in the activities.
2-to planning, processes and systems	Implemented investments entail negative environmental and/or social impacts	L/M	M	Ecosystems and socio-economic vulnerabilities are included in the localized climate risk and vulnerability assessments (CRVAs). Environmental safeguards and incentives for participation in the planning, execution and monitoring phase are integrated in the design of the local interventions through LoCAL. AFD will also systematically follow its environmental and social safeguards for investments which would prevent such negative impacts from occurring.
2-to planning, processes and systems	Delays are encountered in implementation and in securing co-financing from government and/or other partners	M	H	Within the UNCDF's LoCAL's intervention, the annual performance assessment encourages countries to move swiftly, to access the next round of funding. This in-built incentive mechanism generally prevents undue delays while also allowing countries to improve the design of their next round of interventions. In both projects, regular dialogue will be maintained with development partners and relevant stakeholders through working groups and bilateral meetings, in view of ensuring that interventions meet country and donor priorities and continue to garner the required support.
2-to planning, processes and systems	Investments' operations and maintenance are not performed	M	H	Local authorities will receive support to budget for the operation and maintenance of climate change adaptation investments. The participation of local communities in the planning, execution and monitoring phase further helps in increasing ownership and mitigating this risk.
2-to planning, processes and systems	Local ownership is not optimal	M	H	Both projects have a number of in-built strategies to involve all relevant national and local stakeholders at all stages of the interventions, thereby securing their support and ownership of the process. MoUs signed with relevant Ministries as well as national and ad hoc steering committees, further contribute to this goal.
3-to people and the organisation	Investments' implementation does not lead to adaptation / resilience benefits	M	M	Eligible investments are defined in close collaboration with in-country stakeholders hence ensuring that they respond to identified local needs and priorities. The UNCDF's Assessing Climate Change Adaptation Framework (ACCAF) is a monitoring and evaluation (M&E) tools which helps to ensure that the interventions selected for

				funding are consistent with needed adaptation priorities.
4-to legality and regularity aspects	Misuse of funds by government officials (maladministration, corruption or “clientelism”)	L/M		The capacity building component of the interventions places an emphasis on ensuring that government officials have the capacity to correctly use government systems in order to avoid inadvertent misuse of funds, while regular financial checks and annual performance assessments act as a deterrent to corruption and “clientelism”, or identify any misuse of funds at the earliest opportunity. Financial reports received from the authorities must comply with pre-defined quality requirements to secure the disbursement of a next tranche of funds, within the LoCAL granting mechanism. Good governance and audit results are integrated in the design of the granting system (in the form of minimum conditions to access the grants at local level each year). The EU may also undertake external audits if required.

### Lessons Learned:

Both implementing partners have integrated a set of lessons-learnt from the implementation of their previous phases into the design of this action to further improve on their results.

Lessons learned by UNCDF through implementation of the LoCAL mechanism thus far include:

1. The mechanism must be firmly aligned with, and support the effective implementation of, national climate change and decentralization strategies.
2. The voices of the communities and of the poorest need to be captured in local development plans and investments, so climate finance reaches those who need it most.
3. LoCAL needs to build on existing systems and processes within a country to ensure optimal ownership.
4. Combined with technical and capacity-building support, the performance-based granting scheme can successfully build stronger and more transparent government financial systems.
5. In order to effectively progress climate adaptation interventions, incentives for local governments need to be provided through a set of minimum conditions for grant delivery and performance measures.
6. To be effective at addressing various types of climate risks and vulnerabilities, the country-specific investment menu needs to include both hard and soft climate adaptation measures which duly integrate nature-based solutions.
7. To be able to channel climate change finance to the most remote and vulnerable regions and populations, ensuring traceability and performance monitoring and reporting is key.
8. Working with a phased approach (phases I to III) allows a steady but incremental expansion, building on results and lessons learned.

UNCDF will incorporate all these lessons into the scoping, design and support for the deployment of LoCAL mechanisms in the Southern Neighbourhood region.

It should also be noted that UNCDF is currently preparing the design and establishment of a LoCAL mechanism in Tunisia, with the support of the EU through the Action "Appui à l'action environnementale en Tunisie". Being the first country in the region to implement the LoCAL mechanism, the other countries will benefit from the specific experience of Tunisia. At the same time, LoCAL Tunisia will benefit from the

regional activities of this Action, particularly for regional exchanges and capacity building. These bilateral initiatives will be closely coordinated with the present regional intervention in order to ensure optimal complementarity.

Lessons learned from AdaptAction phase I include:

1. Interventions must be based on needs and demand, in order for the programme to have an in-built flexibility to address gaps (in terms of policies, action plans, and projects to be developed).
2. The programme must address both the enabling environment (governance and policy) and the means of implementation (co-elaboration of projects to be submitted to international climate finance) to foster more robust adaptation.
3. National adaptation governance frames are often fragile and suffer from a lack of coordination, hence there is a need for a strengthened coordination between Ministries for efficient results.
4. A strong coordination amongst donors and implementing partners is required, hence a strong collaboration between AFD, UNCDF, Clima MED, the NDC Partnership and other relevant stakeholders will be established from the onset.
5. Participative co-construction approaches, involving multiple stakeholders from administrations and civil society are essential to define and implement effective adaptation measures.
6. Connecting academics, decision-makers and civil society contributes to “translating” adaptation complexity into robust policies, plans and project: AdaptAction’s new component dedicated to operational research, as well as the knowledge management approach, will both facilitate this science-policy-action interface.

AFD is to incorporate all these lessons into the new phase of the AdaptAction facility, through the present programme.

It should also be noted that the AFD’s AdaptAction Programme worked in Tunisia in phase I in close partnership with the Ministries of Environment (MALE) and Agriculture (MARHP) which resulted in nine different interventions aimed at promoting a better integration of climate adaptation in the agricultural sector. These experiences from a country within the Southern Neighbourhood region are useful to the deployment of AdaptAction in new countries through this second phase.

### **3.5. Intervention Logic**

The underlying intervention logic for this action is the following:

**As regards the specific objective 1 at national level (Enhance knowledge, climate governance, policies and action plans at national/central level for successful implementation of NDCs and NAPs and to facilitate access to climate finance for adaptation),** the action will support a better understanding of adaptation issues through research activities involving national and international research organizations (**Output 1.1**).

Following a needs and gap analysis based on strategy reviews (revised NDC, NAP, etc.), a multi-stakeholder workshop and bilateral meetings will be held in each country, leading to the signature of MoUs with relevant Ministries. The AdaptAction Regional Coordinators will then work jointly with Ministries of Environment and Sectoral Ministries of the partner countries to co-elaborate tenders that will be launched by AFD to mobilize the relevant expertise. The aim is to develop governance tools and public policies (**Output 1.2**) promoting an enabling environment for investments. This collaboration will also include the joint development of vulnerability and feasibility studies (**Output 1.3**) to foster the emergence of adaptation

projects to be (co-)funded by international climate finance (AFD, the UE, GCF, other donors) in loans, grants, or through blending. The mobilisation of dedicated experts and organization of specific workshops will ensure the mainstreaming of gender and social inclusiveness issues within all activities (**Output 1.4**). Stakeholders involved in the different component of the programme will be encouraged to share good practices and knowledge (eg. with peer-to-peer workshops involving all Southern Neighbourhood countries) so as to be part of epistemic communities and communities of practice (**Output 1.5**). Activities will be developed in close interaction with local level stakeholders (**specific objective 2**) so as to strengthen the vertical integration of adaptation. National Coordination Groups established in the framework of Clima MED will be key stakeholders for activities related to governance tools, public policies, and knowledge-sharing workshops.

Regarding **the specific objective 2 at local level (Increase local authorities' access to climate finance to implement climate change adaptation investments)**, the action will support the strengthening of the awareness and capacities to respond to climate change adaptation in targeted local government areas and communities (**Output 2.1**). It will work with local authorities, local communities and vulnerable groups including women and minorities to integrate climate change adaptation into local plans and budgets and ensure local interventions and investments are implemented (**output 2.2**). At the onset of each country initiative, local authorities capacities are assessed and a 'baseline' is established to determine the nature and type of awareness raising and capacity building activities required: each local authority benefits from tailored support departing from its specific gaps and needs and using a range of approaches (ex. on-the-job learning; trainings; technical assistance; coaching). In particular, CRVAs (or existing relevant studies) integrating quantitative and participatory approaches are undertaken and inform the awareness raising and the subsequent integration in local plans and budgets and the implementation that follows. The CRVA guarantee that the interventions and investments effectively address climate change adaptation. The participation of local communities and vulnerable groups including women and minorities in decision making, implementation and the management of the interventions (e.g. through user groups) fosters ownership and future sustainability of the specific interventions and investments. In addition to the involvement of communities, sustainability is strengthened by encouraging co-financing from local governments. User charges for investments that can justify contribution from communities for their maintenance will also be explored. As countries and participating local authorities gain experience, the depth and content of the activities are reviewed to match the improved capacities.

The support to local authorities and communities (output 2.1), the mainstreaming effort and the local investments (output 2.2) takes place in the context of a national performance-based climate resilience granting (PBCRG) system that integrates gender, participation and environmental sustainability (**output 3.3**). The PBCRG system is carefully designed at the beginning of phase I. Specific elements include the size of grants and the alignment and use of country systems to ensure the scalability and sustainability of the mechanism. Annual performance assessments (APAs) provide an incentive to performance by informing the subsequent year allocation and inform capacity building needs and work plans in each local authority. Lessons learned inform adjustments to the design of the mechanism before phase II and any policy or regulatory change needed to institutionalise it. National partners are supported to use the demonstration effect to attract further financial flows for local adaptation, including domestic resources and international climate finance, working towards direct access to global climate funds (hence linking with **specific objective 1**).

The LoCAL mechanism will capitalize on AdaptAction's and Clima MED's deliverables, especially taking stock of the Output 1.1 of the AFD's component (operational research) and Sustainable energy access and climate action plans (SEACAPs) developed under Clima MED for local governments. When available, it will be used as main climate tool to select and prioritize investments to fund. Depending on the willingness to replicate this tool in each country, LoCAL may use the methodology to further replicate its elaboration, at least partially.

The interventions will also seek to use the existing governance bodies and national coordination mechanisms used for Clima Med and/or the Covenant of Mayors.

As members of the NDC partnership, both UNCDF and AFD will ensure in country coordination and synergies with the work of other development partners supporting the NDCs.

### **3.6. Indicative Logical Framework Matrix**

Results	Results chain: Main expected results [maximum 10 @]	Indicators [at least one indicator per expected result @]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To promote the green transition and increase environmental and climate resilience of economies and communities in the region, leading to improved quality of life for men and women.	Evidence of climate change adaptation impact of proposed CCA investments and interventions in targeted economies, communities and ecosystems	1. People whose resilience has been strengthened: 0 2. Surface of ecosystems protected, sustainably managed or restored: 0	1. People whose resilience has been strengthened: tbd 2. Surface of ecosystems protected, sustainably managed or restored: tbd	Projects evaluation documents	<i>Not applicable</i>
<b>Outcome 1</b>	Knowledge, climate governance, policies and action plans are enhanced at national level for successful implementation of NDCs and NAPs, and to facilitate access to climate finance for adaptation	1.1 Number of climate governance institutions/frameworks supported 1.2 Number of strategies/policy documents/plans developed, and approved by Ministries 1.3 Volume of (international) adaptation finance leveraged by partner countries	1.1. 0 1.2. 0 1.3. 0	1.1. Minimum 6 1.2. Minimum 6 1.3. tbd within feasibility studies	1.1. Adapt' Action reports 1.2. Country policy documents 1.3. Investment Project documents	Design and implementation of policies/strategies/action plans/projects respect quality standards and don't encounter substantial external challenges. Government funding to sustain climate governance institutions is secured.

<b>Outcome 2</b>	Local authorities' access to climate finance to implement climate change adaptation investments is increased.	2.1 Number of direct and indirect beneficiaries of CCA investments and interventions financed through LoCAL/PBCRG mechanism (disaggregated by sex)  2.2 Number and percentage of participating countries with a full scoping or design of LoCAL mechanism and/or in piloting phase (Phase I).	2.1: 0 2.2: 0	2.1: tbc 2.2: minimum 6, (100%)	Memoranda of Understanding with participating countries and between participating countries and local authorities; National financial reports	All participating countries are willing to implement a LoCAL mechanism and meet the standards of the mechanism
<b>Output 1 related to Outcome 1</b>	Understand operational research is conducted to better understand adaptation issues.	1.1.1 Number of academic papers submitted to peer reviewed journals 1.1.2 Number of side-events (as organizer or participant) in relevant arenas (eg. COP sessions)	1.1.1. 0 1.1.2. 0	1.1.1. 2 1.1.2. 3	1.1.1. Research project reports 1.1.2. AdaptAction reports	Academic publications respect quality standards and are validated by peers.  Several participants and arenas are available for side-events planning.
<b>Output 2 related to Outcome 1</b>	Plan Capacities to respond to climate change adaptation are increased at the national level and adaptation is better included in sectoral policies, action plans, and	1.2.1 Number of national public policies/budget/strategies/action plans supported 1.2.2 Number of governance and policy design tools developed or supported 1.2.3. Number of actors whose capacities have been strengthened 1.2.4. Number of climate governance	1.2.1. 0 1.2.2. 0 1.2.3. 0 1.2.4. 0	1.2.1. minimum 6 1.2.2. minimum 3 1.2.3. minimum 300 1.2.4. minimum 6	1.2.1. Technical assistance reports. 1.2.2. Technical assistance reports. 1.2.3. Technical assistance reports. 1.2.4. Training reports.	Policies/strategies/action plans/budgets are validated at political level.  Stability, or continuity planning, of human resources whose capacities have been strengthened.

	governance instruments.	institutions/frameworks supported 1.2.4. Number of actors whose capacities have been strengthened				
<b>Output 3 related to Outcome 1</b>	Invest - Funds are leveraged to implement resilient and inclusive adaptation interventions through AFD, EU, GCF or other donors	1.3.1 Number of vulnerability or feasibility studies conducted 1.3.2. Adaptation, biodiversity and gender criteria of designed projects	1.3.1.0 1.3.2.0	1.3.1. Minimum 6 1.3.2. 100% of Adaptation projects, 100% CAD1 or CAD2, at least 50% Biodiversity	1.3.1. Feasibility studies reports. 1.3.2. Project documents and appraisal documents.	International climate finance is available and reachable.
<b>Cross-Cutting component – Gender - related to Outcome 1</b>	Gender equality and social inclusion are promoted within adaptation actions.	1.4.1 number of gender and social inequality-sensitive vulnerability and feasibility studies 1.4.2. number of gender and social inequality-sensitive policies/strategies/plans/budgets supported 1.4.3. Number of participants to capacity building activities on gender equality and social inclusion. 1.4.4. Number and budget of projects identified targeting social issues (basic services, social protection ...)	0	1.4.1:tbd 1.4.2:tbd 1.4.3:tbd 1.4.4:tbd	1.4.1: Vulnerability and feasibility studies reports. 1.4.2.Policies/strategies/plans/budget documents 1.4.3 Training reports	Attention to gender and social inclusion issues is sustained and promoted within institutions, public policies and investment on the long term.

<p><b>Cross-cutting component – Knowledge management - related to Outcome 1</b></p>	<p>Robust, salient and useable knowledge on adaptation issues is shared and available to actors and decision makers</p>	<p>1.5.1 Number of participants in workshops (disaggregated by sex and subject area) 1.5.2 Number of national and regional workshops organised for information-sharing 1.5.3. Number of knowledge-sharing documents disseminated through various channels</p>	<p>1.5.1: 0 1.5.2: 0</p>	<p>1.5.1: minimum 180 1.5.2: minimum 6</p>	<p>1.5.1: Workshops reports 1.5.2: Adapt' Action reports</p>	<p>Knowledge is trusted, used by decision makers in their activities on the long term and frequently updated according to climatic uncertainties.</p>
<p><b>Output 1 related to Outcome 2</b></p>	<p>Awareness and capacities to respond to climate change adaptation are increased at local level</p>	<p>2.1.1 Number of targeted local authorities that regularly collect, update and analyse climate change information 2.1.2 Number of national and local authorities' officials and community representatives that participated in awareness and capacity building activities (disaggregated by sex and subject area) 2.1.3 Number and percentage of participating local authorities meeting the minimum conditions without need for corrective action</p>	<p>2.1.1: 0 2.1.2: 0 2.1.3: 0</p>	<p>2.1.1: minimum 10 2.1.2: minimum 120 2.1.3: minimum 8</p>	<p>Annual performance assessments reports; Project documents and appraisal documents.</p>	<p>Commitment of the Local Governments to participate.</p>
<p><b>Output 2 related to Outcome 2</b></p>	<p>Climate change adaptation is integrated in local plans and budgets and gender-sensitive climate change adaptation interventions and</p>	<p>2.2.1 Number of targeted local authorities that have integrated climate change adaptation into their local planning &amp; budgeting processes 2.2.2 Percentage of local authorities that are promoting community-based governance in one or more domains of planning, contracting,</p>	<p>2.2.1: 0 2.2.2: 0 2.2.3: 0</p>	<p>2.2.1: minimum 10 2.2.2: minimum 50% 2.2.3: minimum 25%</p>	<p>Annual performance assessments; Field visits; Annual progress reports</p>	<p>The local development plans are already designed and budgeted</p>

	investments are implemented.	monitoring and management for PBCRG investments 2.2.3 Percentage of PBCRG investments and interventions explicitly targeting women				
<b>Output 3 related to Outcome 2</b>	An effective, performance-based, climate resilient grant system (finance mechanism) is established in targeted local governments and operational for additional funding.	2.3.1 Amount of funding through grants (PBCRG) delivered to targeted local authorities 2.3.2 Volume of domestic resources channelled through and/or leveraged by UNCDF-designed PBCRG mechanism (disaggregated by source) 2.3.3 Number of countries showing evidence of the institutionalization of the PBCRG system through policy, regulatory or institutional reforms	2.3.1: 0 2.3.2: 0 2.3.3: 0	2.3.1: minimum USD 2.25 M 2.3.2: tbc 2.3.3: minimum 4 countries	2.3.1 and 2.3.2: Annual financial reports 2.3.3: Annual progress reports (with evidences)	Ministries in charge of Local Governments, Climate Change, and Budget / Finance are jointly cooperating in an effective manner

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with partner countries.

### 4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

### 4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>17</sup>.

#### 4.3.1. Indirect Management with pillar-assessed entities<sup>18</sup>

This action may be implemented in indirect management with the following pillar assessed entities: the United Nations Capital Development Fund (UNCDF) and the Agence Française de Développement (AFD). This implementation entails the indicative activities described in section 3.2 in support of the outputs and objectives defined in section 3.1. The envisaged entities have been selected using the following criteria:

#### Criteria:

- Technical expertise (climate adaptation, leveraging financing for climate investments, establishment of local level adaptation mechanisms)
- Successful and long-standing experience in the implementation of similar interventions in other parts of the world
- Reputable, internationally recognised bodies, with proven track-record.
- Presence in the countries covered by the intervention

#### Further justification for the selection of the pillar-assessed entities:

UNCDF is a specialized UN agency and a global leader with longstanding experience in supporting countries in the establishment and deployment of national climate financing mechanisms for the benefit of municipalities, combined with technical assistance at central and local levels.

UNCDF has over three decades of experience in local government finance and has designed a range of local government finance instruments and approaches, from early local development funds to performance grants (UNCDF, 2010). Building on this experience, UNCDF designed and launched in 2010 the Local Climate Action Financing Mechanism (LoCAL) designed and/or deployed in 30 countries around the world, including 20 African countries. The mechanism is internationally recognized (by the OECD and UNFCCC) as a model for the vertical integration (i.e. planning, financing, implementing and reporting) of Nationally Determined

<sup>17</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

<sup>18</sup> The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessment.

Contributions and National Adaptation Plans. UNCDF through the LoCAL Facility is a member of the NDC partnership, of the REAP and of the MCR 2030 and an observer to a range of UNFCCC bodies as well as the AF and GCF. It is therefore highly recommended to capitalize on the strong experience of UNCDF in the implementation of support programs for local authorities for the development and implementation of localized climate actions. In addition, the LoCAL mechanism and the approaches supported by UNCDF are in line with the approach of the Clima-Med regional programme (whose board of directors has included UNCDF for several years), ensuring a consolidation of these achievements. As previously noted, UNCDF is currently developing a LoCAL mechanism in Tunisia with the support of the EU, which will complement this Action.

AFD benefits from local agencies in most countries of Southern Neighbourhood (Algeria, Egypt, Jordan, Lebanon, Libya, Palestine, Morocco, Tunisia), and 2 Regional Directions (North Africa and Middle East) that contribute to AFD’s global commitments related to climate change (ie. 50% of activities with climate co-benefits) with a growing part dedicated to adaptation.

Since 2017, the AdaptAction Programme supports the implementation of NDCs, operationalizes the Paris Agreement and has fostered adaptation investments in 15 countries and regional organisations. Through technical assistance and capacity-building activities, AdaptAction helps countries ensure that climate-change adaptation is better integrated in their governance tools, public policies and projects.

Through vulnerability and feasibility studies, the first phase has already leveraged more than 595M€ of projects co-funded by the AFD (83%) and other donors such as the GCF (9%). With several studies still ongoing, this leveraged amount is forecast to reach above 1 billion €.

In order to implement project activities, relevant staff will be hired by AFD through Expertise France.

AFD will sign the contribution agreement and will then sub-contract, according to its procedures, Expertise France for service delivery, providing the staff needed to the project implementation (eg. an indicative type of staff would consist in regional coordinator, project management and headquarters coordinator for Southern Neighborhood countries).

In case the envisaged entities would need to be replaced, the Commission’s services may select other replacement entities using the same criteria. If an entity is replaced, the decision to replace it needs to be justified.

#### **4.4. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### **4.5. Indicative Budget**

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>	<b>Third-party contribution</b>
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		(amount in EUR)
<b>Implementation modalities</b> – cf. section 4.3		
Indirect management with UNCDF – cf. section 4.3.1	9 000 000	100 000
Indirect management with AFD – cf. section 4.3.1	6 000 000	1 500 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	will be covered by another Decision	N.A.
<b>Communication and visibility</b> – cf. section 6	N.A.	N.A.
<b>Contingencies</b>	N.A.	N.A.
<b>Totals</b>	<b>15 000 000</b>	<b>1 600 000</b>

#### 4.6. Organisational Set-up and Responsibilities

Both at the global/regional and national level, the UNCDF and AdaptAction teams will conduct regular coordination meetings to ensure perfect complementarity and cross-fertilisations amongst the interventions undertaken by each project.

##### Global/regional coordination

##### Advancing on Climate Adaptation in the Southern Mediterranean (ACA-MED) Programme Steering Committee

The Contracting Authority will convene an annual Steering Committee including both project implementers (UNCDF and AFD) as well as other relevant stakeholders and key development partners. EU Delegations will also be represented at this meeting. This overarching Steering Committee will serve to provide strategic oversight on the whole and ensure optimal cooperation across its two components.

##### LoCAL global Board

The strategic oversight of the action will be conducted through the **LoCAL Board** that consists of three entities: senior representatives from the participating countries), development partners (including EU, UNFCCC and its financial mechanisms) and UNCDF (represented by the Local Transformative Finance Director). The role of the Board is to approve progress and annual reports, annual work plans and budgets, as well as changes to the programme that might result from a change in the development environment or change in priorities in individual countries or development partners. It approves evaluations and provides guidance to the Global Facility on implementation as necessary. The Board meets annually, with other approvals or discussions undertaken electronically, as needed. The Board facilitates donor coordination among financial partners involved supporting various countries and/or result areas of the LoCAL mechanism. It provides a space for them to agree on issues of common interest, such as e.g. common reporting guidelines (see section 3.2). AFD and Clima-Med have been observers to the LoCAL Board for several years and will continue to do so.

##### AdaptAction global steering committee

An AdaptAction global steering committee will meet annually, involving AFD's stakeholders (Ministry of Foreign Affairs, Ministry of Environment, Ministry of Budget), development partners (including EU, UNCDF LoCAL, UNDP, NDC Partnership), Academics and think tanks (IDDRI, I4CE), civil society (Coordination

Sud), and AFD's divisions involved in projects (agriculture and biodiversity, water and sanitation, etc.). The Role of the steering committee is to approve progress, work plans and budgets, as well as changes to the programme that might result from change of contexts. UNCDF has been observer to the AdaptAction global steering committee for several years and will continue to do so, with the additional inclusion of Clima Med;

### **National coordination**

In each country of the Action, the country operations supported by both UNCDF and AFD will be overseen to the extent possible by existing national governance or coordination mechanisms, in particular those supported by Clima-Med. The coordination between the present Action and Clima-Med will therefore take place in a structured manner, as well as the coordination between UNCDF and AFD.

As members of the NDC-Partnership, UNCDF and AFD will further engage and coordinate the in country work through the NDC-Partnership. In addition, country project staff will participate in government or development partner working groups for environment and climate change and for decentralization in accordance to their meeting schedule (quarterly, monthly, *ad hoc*).

For Tunisia, the LoCAL component will plug into the coordination systems already established for the national LoCAL project, funded under the EU bilateral envelope.

### **Project office teams**

UNCDF project team will be based in targeted countries (country teams), regions (programme analysts and specialists and selected programme functions with regional or global scope) and Brussels (programme management and selected programme functions with global/regional scope) to ensure close coordination with EU, UNFCCC and other EU funded and development partners' interventions at global, regional and country levels.

AdaptAction project team is based in targeted regions (one Regional Coordinator for 3 focus countries) and Paris (Programme management, and selected programme functions with global/regional scope). Both are fully articulated with AFD sectoral experts involved in policy and projects in local AFD agencies, regional Direction and headquarter.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## **5. PERFORMANCE MEASUREMENT**

### **5.1. Monitoring and Reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, each implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## 5.2. Evaluation

Having regard to the importance and nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that part of these actions are innovative for the target region.

The Commission shall inform the implementing partners at least three months in advance of the dates envisaged for the evaluation exercise and missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner countries and other key stakeholders following the best practice of evaluation dissemination<sup>19</sup>. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision

## 5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## 6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the "Communicating and raising EU visibility – Guidance for external actions – July 2022" document<sup>20</sup>

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

If appropriate, for communication on Team Europe Initiatives, the EU and its Member States can rely on the specific guidance on the Team Europe visual identity.

Communication efforts will also reinforce the EU's communication efforts on key strategic priority areas for the region, including climate action and food security.

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<sup>19</sup> See best [practice of evaluation dissemination](#)

<sup>20</sup> [Communicating and raising EU visibility: Guidance for external actions \(europa.eu\)](#)