LOCALLY LED ADAPTATION IN THE GREEN CLIMATE FUND – PERFORMANCE ACROSS THE FUND'S PORTFOLIO IN AFRICA

Contents

01 Introduction

Poverty, biodiversity loss, and the climate crisis are among the major challenges the world faces today. As the world recognises the economic, environmental, and social consequences of a changing climate, the focus has been on reducing greenhouse gas (GHG) concentrations to limit global warming. From the early 2000s, climate adaptation has become a priority for many countries (Binet et al. 2021). This is especially true for developing countries that contribute little to global GHG emissions but are amongst the most vulnerable to climate change impacts; these include many African countries. The costs for developing countries to adapt to climate change are expected to increase USD140–300 billion/year by 2030, and current adaptation finance is only a fraction of what is needed (UNEP 2021). For Africa, estimated costs of adaptation based on countries' Nationally Determined Contributions (NDCs) range USD276.92–277.92 billion, with cross-cutting needs around USD393.38 billion. These are just the costed needs. African countries' NDCs also include needs that are not costed because of insufficient available data, tools, and capacity to assess those needs (UNFCCC, 2020).

The costs for developing countries to adapt to climate change are expected to increase **USD140–300 billion/year by 2030**, and current adaptation finance is only a fraction of what is needed (UNEP 2021).

The Global Landscape of Climate Finance Report of 2021 indicated that adaptation finance in 2019–2020 reached USD46 billion compared with USD30 billion in 2017–2018, provided mainly by the public sector (CPI 2021). Although adaptation finance is increasing, it is well below what is needed to adapt to existing and future climate change impacts (CPI 2021). Not only are current adaptation financing needs unmet, they also rarely reach the local level (Terpstra et al. 2013).

Since the 1980s, government structures worldwide have decentralised, placing more emphasis on and giving more responsibilities to local governments. Local institutions and government authorities have, thus, grown increasingly important. Decentralisation of adaptation planning and decision-making can ensure that adaptation interventions are tailored to local needs and priorities, and consider the unique vulnerabilities, exposure, and adaptive capacities to make interventions more responsive to these specific risks and needs (Terpstra et al. 2013).

Climate change disproportionately impacts marginalised and vulnerable communities, which often have unequal access to education, income, social capital, and political influence (Coger et al. 2021) and require considerable support to enhance their adaptive capacity and resilience to climate change impacts. Information on how much climate finance reaches the local level to support these vulnerable groups' adaptation is often difficult to produce or unavailable (Coger et al. 2021). Some estimates suggest that less than 10% of global mitigation and adaptation finance in 2003–2016 was dedicated to the local level, with only 2.1% of global humanitarian funding going to local organisations (Soanes et al. 2021).

Funding for the Local Level

Funding that does reach the local level often has limited impact, mainly because adaptation decisions fail to consider local realities and knowledge (Soanes et al. 2021), and planning and design are often conducted at the national or even international levels. While stakeholder engagement is widely used, local communities are only marginally involved in participatory planning and priority-setting. This leads to limited ownership over adaptation priorities and programmes (Soanes et al. 2021). The latest Intergovernmental Panel on Climate Change (IPCC) report on impact, adaptation, and vulnerability highlighted the local level's important role in adaptation to ensure climate-resilient development, successful adaptation, and prevention of maladaptation (Pörtner et al. 2022). The report found that inter-sectional, gender-responsive, and inclusive decision-making can accelerate transformative adaptation over the long term. It also highlighted that governance for adaptation is more effective when actors, from the local to the global level are involved. This ensures their actions' credibility, relevance, and legitimacy, while fostering commitment, learning, and equity (Pörtner et al. 2022). Finance for locally led adaptation should be directly accessible by local actors or be programmed to address their specific needs in addressing structural inequalities and gender sensitivities. This type of funding requires a paradigm shift in how adaptation finance is accessed, decisions made, and progress reported. More direct access, decentralised decision-making to the most local level possible, and supporting local institutions' ownership are amongst the key requirements for enhancing local adaptation benefits (Coger et al. 2021).

The Role of the Green Climate Fund

The **Green Climate Fund (GCF)** is the world's largest climate finance facility (GCF n.d.). It was established in 2010 as a financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) for supporting developing countries in implementing NDCs and providing funding for low-carbon and climate-resilient development. The GCF's governance structure is unique because of its equal representation of developed and developing countries (GCF n.d.). Only Accredited Entities can access GCF grants, loans, equity, and guarantees. Access can be either directly through national or regional institutions or indirectly through International Access Entities (IAEs). Direct access allows national and sub-national organisations to receive funding directly, independent of international intermediaries. Projects or programmes can target single or multiple countries. National Designated Authorities (NDAs) – government institutions responsible for communicating national priorities and serving as an interface between a country and the GCF – issue no-objection letters to support a specific project or programme (GCF n.d.). For multi-country projects, issuing such a letter does not always mean funding will eventually flow to the country.

Climate change disproportionately impacts **marginalised and vulnerable communities**, which often have **unequal access to education, income, social capital, and political influence** (Coger et al. 2021) and **require considerable support to enhance their adaptive capacity and resilience to climate change impacts.**

The GCF finances both mitigation and adaptation and aims to create a 50:50 balance between funding for the two in grant-equivalent terms, of which at least 50% of adaptation funding goes to Least Developed Countries, Small Island Developing States, and African States (Binet et al. 2021). Although the GCF does not exclusively finance adaptation, it is the largest source of adaptation funding (USD727 million in 2021), followed by the Adaptation Fund (USD93 million in 2021) and Least Developed Countries Fund (USD60 million in 2021) (Watson et al. 2022). With its focus on country ownership and direct access, the GCF can play a considerable role in supporting adaptation in developing countries (Binet et al. 2021).

The GCF promotes a paradigm shift – the '*degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment*' (GCF 2014). To create a paradigm shift, a project should have upscaling potential, contribute to regulatory frameworks and policies, create an enabling environment (including outcomes' sustainability beyond completion of the intervention and market transformation), promote knowledge-generation and learning, and contribute to reducing GHG emissions and to climate-resilient development (GCF 2020). A key strategic objective to support paradigm shifts includes strengthening country ownership, which is a crucial aspect of GCF engagement and investments in developing countries and is included as an investment criterion during project/programme design[1]. Next to a paradigm shift and country ownership, other investment criteria include impact potential, sustainable development potential, recipient needs, and efficiency and effectiveness.

A total of 113 institutions have been accredited with the GCF since its establishment, creating a diverse portfolio of projects and programmes with different implementing entities, characteristics, financial instruments, and scales. In the 'guidance on the approach and scope for providing support to adaptation activities' presented at the 33rd meeting of the Board (B.33), the GCF aims to *'accelerate adaptation investment planning and the scale-up of adaptation finance to help close the adaptation gap'* in line with national priorities. It does this by ensuring that financial support is used catalytically to scale up transformative solutions and inclusively to address the needs of the most vulnerable. The guidance document acknowledges the need to consider traditional knowledge though it strongly focuses on financial institutions, the need to de-risk investments, and on promoting 'new financial instruments' such as equity, guarantees, insurance, and loans (GCF 2022). Although the GCF has a considerable focus on promoting paradigm shift and country ownership, it is unclear to what extent GCF-funded projects support the most vulnerable at a sub-national level, who are often projects' main beneficiaries.

Supporting Adaptation at the Local Level: GCF Projects in Africa

This paper examines the extent to which current GCF-funded projects and programmes support adaptation at the sub-national or local level in African States. It does so by using the principles of locally led adaptation developed by the International Institute for Environment and Development (IIED) and World Resources Institute (WRI) in 2021 and endorsed by more than 40 organisations worldwide. Locally led adaptation is an approach that includes many key features of effective and transformative adaptation that the IPCC report on impact, adaptation, and vulnerability identified. It is premised on creating individual and collective agency over adaptation actions (such as in prioritisation, design, monitoring, and evaluation) by ensuring that decisions are taken at the lowest possible level, strengthening local institutions, and actively linking such institutions to higher levels.

It ensures that adaptation is aligned with traditional knowledge and ancestral practices and is integrated into communities' daily lives (Soanes et al. 2021). The GCF has yet to endorse the Principles for Locally Led Adaptation, and this paper can inform discussions on the future GCF policies and guidance for adaptation, as well as the strategic vision and the GCF's strategic plan for its second replenishment period.

02 Methodology

The assessment is based on the Principles for Locally Led Adaptation that the IIED and WRI developed in 2021. The term 'local level' can refer to all stakeholders in a developing country, below the national level, institutions at a community level, and households and individuals. For this analysis, local level refers to sub-national actors, whether public, private, civil society, or community (Soanes et al. 2021). The eight principles outline requirements for encouraging locally led adaptation finance and decision-making (Coger et al. 2021), and include:

1 'Devolving Decision-Making to the Lowest Possible Level':

Ensure that communities most vulnerable to and most impacted by climate change are actively engaged and lead adaptation planning and action. This should come with increased direct adaptation finance for local actors, and decision-making power, where others are in a better position to lead implementation of adaptation interventions.

2 'Addressing Structural Inequalities Faced by Women, Youth, Children, Disabled and Displaced People, Indigenous Peoples and Marginalised Ethnic Groups':

Adaptation actions should actively address structural issues such as political, economic, and gender-based inequalities and ensure these groups' meaningful participation and agency to reduce risk. This could include designating funding to these groups to build their capacity to engage and lead adaptation planning and decision-making. It also involves addressing land tenure and control over common resources.

3 'Providing Patient and Predictable Funding that can be Accessed more Easily':

For adaptation, finance should be provided for a duration that allows effective strengthening of local institutions and building of their capacity. Soanes et al. (2021) suggested that at least 7 years are required to achieve a level where local institutions can effectively influence adaptation initiatives and be capable of adaptive management at the national and local levels.

4 'Investing in Local Capabilities to Leave an Institutional Legacy':

Effective adaptation for the local level should build capacities and strengthen institutions for managing adaptation over the long term without external support. This includes knowledge and understanding of climate risks, as well as the ability to design adaptation actions, and accessing and managing of funding for local actors.

5 ‘Build a Robust Understanding of Climate Risk and Uncertainty’:

Adaptation initiatives’ design and implementation should be based on local, generational, indigenous, and traditional knowledge. A bottom-up approach to climate risk and vulnerability assessments, combined with scientific knowledge, creates a more context-specific baseline for designing efficient initiatives to address local needs and enhance resilience.

6 ‘Flexible Programming and Learning’:

Monitoring, evaluation, and learning are important pillars of adaptive management. Adaptive management requires flexible finance and programming for efficiently dealing with the uncertainty around climate change and with continually changing circumstances and unexpected events.

7 ‘Ensuring Transparency and Accountability’:

Information on financial allocations, governance, and implementation arrangements should be publicly accessible to enhance accountability and transparency. Local actors should have access to information that ensures their clear understanding of the adaptation project’s objectives, actors involved in implementation, decision-making, monitoring and evaluation, and allocation of finance to enhance agency and local-level leadership.

8 ‘Collaborative Action and Investment’:

Collaboration between different actors, sectors, and projects is vital for avoiding parallel reporting systems and redundant efforts. This involves strengthening national systems to coordinate adaptation initiatives by different actors and funding bodies and supporting these national entities in shifting towards bottom-up and collaborative approaches to enhance adaptation at the local level.

Based on these principles outlined in Soanes et al. (2021), we developed indicators and guideline questions to assess GCF-approved adaptation and cross-cutting funding proposals, as well as annual performance reviews (APRs) (where available). Annex 1 provides a list of all principles and indicators.

We conducted data analysis using Microsoft Excel, primarily based on frequency. We grouped projects into different categories based on their specific characteristics to assess which type of project/programme better responded to the principles. We then grouped the projects in the following non-mutually exclusive categories:

- **Type of Accredited Entity:** International access, regional direct access entity (DAE), or national DAE
- **Type of institution:** Financial or non-financial, focusing on the type of entity and in terms of its values and main mandate
- **Sector:** Public or private
- **Instrument:** Grant, loan, equity, guarantee, or multiple instruments
- **Objective:** Adaptation or cross-cutting
- **Number of beneficiary countries:** Single country or multi-country projects
- **Scale:** Micro (≤USD10 million), small (>USD10–50 million), medium (>US50–250 million), or large (>250 million)
- **Project Implementation or intermediation**

In total, we reviewed and assessed 56 funding proposals for adaptation and cross-cutting projects in African States (status before B.32 in May 2022). This includes projects or programmes implemented in a single country or multi-country projects, though it is unclear from the proposals if all African countries that submitted a no-objection letter will receive funding.

Limited transparency, disclosure, and access to information – especially for private-sector projects – were key limitations and challenges faced throughout the data analysis process. More than half of all adaptation and cross-cutting projects on the GCF website had no APRs uploaded, and budgets in the funding proposals were often not detailed enough for assessing which funding streams were targeted at the local level. There was also limited willingness among access entities to share the information upon request. Proposal quality also differed considerably, which complicated analysis and reduced comparability between projects. The indicators used for analysis were also predominantly qualitative and, thus, subjective and prone to bias. Multiple people with different backgrounds assessed every project to reduce subjectivity.

There were only four projects submitted by regional DAEs and two projects using equity as the main financial instrument. The results may not represent all regional DAE and equity projects in the future, and they reflect a lack of capacity or consideration of the principles by individual institutions.

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03 Results

3.1 Overview of Project Types and Distribution across the African Continent

We distributed the 56 assessed funding proposals across the different categories as follows:

42 by international access entities (IAEs)	4 by regional direct access entities (DAEs)	10 by national DAEs
28 by financial institutions	28 by non-financial institutions	
48 public-sector	8 private-sector	
40 funded by grants	2 funded by equity	14 funded by multiple instruments[2]
36 adaptation	20 cross-cutting	
41 single-country	15 multi-country	

There is relatively good coverage of projects across the African continent. However, many countries are only targeted by large multi-country projects, and multiple countries in central and northern Africa are not covered.

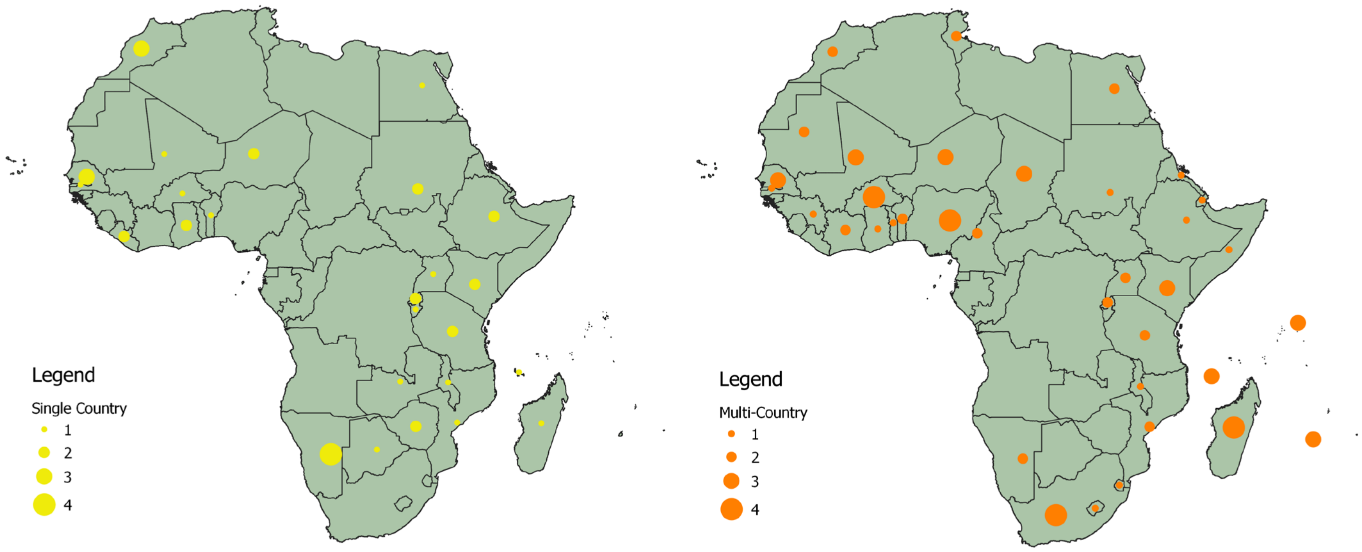

Fig. 1: Number of single- (yellow) and multi-country (orange) projects across the African continent.

3.2 Performance Across all Indicators

Figure 2 on page 6 indicates performance across all indicators. Annex 2 shows the scoring method used for this overview graph. The maximum achievable score for every principle was 10, with 0 implying no compliance with the principle and 10 indicating perfect compliance. **Principle 8**, looking at collaborative action and investments, had the highest average score. Most projects and programmes try to identify existing initiatives and projects being implemented in the same country/region, create synergies between them, and build on their results. The principle also considers the presence of common oversight and reporting channels for these initiatives. This does not necessarily mean there are well-established platforms or mechanisms for coordination and common reporting. Rather, it is an indication of strong government involvement, with government agencies having a key role in implementing the initiatives and, therefore, vital in coordination and oversight.

Principle 2 had the second-highest average score, though it was low (4.9). This principle examines whether projects and programmes consider procedural and distributional justice in their design. This involves identifying structural inequalities and their drivers. Generally, communities and other local-level organisations are, to some extent, included in project activities, such as in the design of local plans and assessments, and with limited involvement in important decisions. They mainly benefit from capacity-building aimed at the local level or from services the project/programme provides. Although gender is generally considered, this often occurs without identifying drivers of gender inequality and is limited to gender quotas for participation. Other groups potentially facing structural inequalities – such as youth, disabled and displaced people, and indigenous people

– are rarely considered, though the GCF has developed an Indigenous Peoples Policy.

Principle 4, which assesses project sustainability, had the third-highest average score. Projects and programmes include capacity-building at the institutional and individual levels and aim to create an enabling environment. This principle only assesses whether activities that build capacity at the local level have been included. It is not a measure of these activities' success in improving local capabilities and creating an institutional legacy. **Principle 5**, on the understanding of climate risks and uncertainty, had the lowest ranking. Local and traditional knowledge, and the local level's specific needs in terms of climate information, are rarely considered in GCF project and programme design. **Principle 1**, on decision-making authority at the lowest possible level, and principle 6, on flexible programming and institutional learning, also had low rankings. Local actors often have limited decision-making authority and veto rights and are not part of formal implementation arrangements (such as steering committees, working groups, and monitoring and evaluation platforms). This means they have limited opportunities to voice their needs and priorities. Notably, for all projects and programmes, the percentage of adaptation finance flowing to local institutions or through national institutions to finance community priorities, could not be assessed because of the lack of publicly available and detailed budget information for all GCF projects and programmes.

Principle 6's low ranking indicates limited flexibility for project and programme design to allow for adaptive management and changing circumstances. Most projects and programmes have no additional finance to respond to these changes. **Principle 3**, on patient and predictable funding, and **Principle 7** on transparency and accountability, were ranked in the middle.

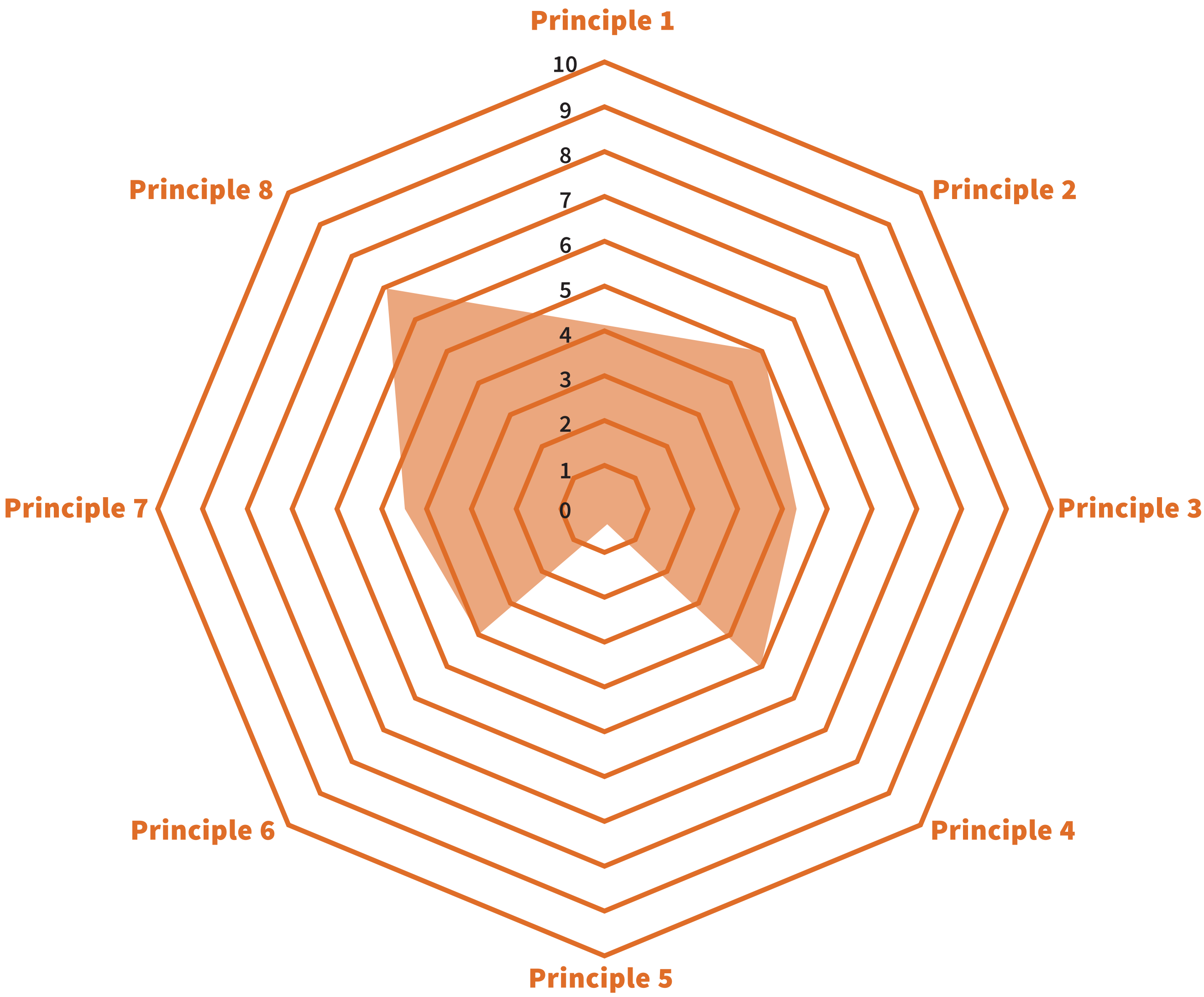

Fig. 2: Overview of performance across all principles

3.3 Disaggregated Performance of Specific Categories of Projects and Programmes

There were considerable differences in performance amongst the different indicators in each principle. The different types of entities, projects, and financial mechanisms used also differed considerably.

The existence of communication and coordination mechanisms with communities and local actors was a key indicator for which the overall performance was low. Most projects had no mechanisms (28.6%), or only had one-way/top-down mechanisms, for sharing project information, with no bottom-up feedback on project activities and implementation. Only 14.3% of the projects and programmes had mechanisms for elevating local-level concerns to a higher level (e.g. government level) to support transformational change, beyond the specific project/programme structures, and all were public, grant-based, and single-country projects. Additionally, most projects and programmes (73%) had no national-level platforms involving local and national-level representatives that continue beyond the project implementation period (unlike project steering committees and other project-level platforms).

To ensure patient and predictable funding and build sustainable local-level institutions, the Principles for Locally Led Adaptation consider a minimum of 7 years to be an adequate project duration[3]. Only 15 of 56 projects (27%) had a duration of 7+ years, meaning the GCF is not providing sufficient patient capital through its projects and programmes. Also, only a quarter (14) of all projects and programmes had a facility for local access[4]. Most of these were loan facilities (eight projects, or 57%) implemented through local financial institutions.

Most projects failed to ensure a robust understanding of climate risk and uncertainty. Local and traditional knowledge is often not considered in project design, and only 22 of 56 projects and programmes (39%) incorporated these aspects in some form. Regarding local climate data, only 19 projects (34%) used local data in the project's design. Most funding proposals used national-level data. Many developing countries have previously raised the issue of data unavailability during GCF discussions.

Challenges faced with Projects and Programmes

Most projects had no communication and coordination mechanisms
28.6%

Only 15 of 56 projects had a duration of 7+ years
27%

Regarding local climate data, only 19 projects used local data in the project's design.
34%

Regarding transparency and accountability, no projects had an independent oversight system, and the majority had no financial data available
71%

Though including such information is relevant to understanding the differences between local contexts to find optimal solutions, the information might not always exist. Only 19 projects (34%) in their planning processes conducted an assessment to determine local climate data needs.

Finally, regarding transparency and accountability, no projects had an independent oversight system[5], and the majority (71%) had no financial data available. The involvement of project beneficiaries in monitoring, evaluation, and learning was greatly limited, with 79% of all projects across all categories ranking 'low,' only 17% ranking 'medium' and 4% (three projects) ranking 'high,' all of which were public sector, grant-based, single-country projects, which also happened to have high levels of localisation. Accountability mechanisms were limited across all project categories, with 76% of all projects rating 'low,' 21% 'medium,' and only 2% 'high.' Categories with positive outliers were grant-based projects (70% rated 'medium').

Generally, and despite some performance variations, projects and programmes in the categories of intermediation, private-sector, multi-country, and those financed using non-grant instruments, did not perform well against the principles of locally led adaptation. Though the characteristics of each project and programme were evaluated separately, there was considerable overlap between these four categories, with all private-sector projects using non-grant instruments and most (eight of nine) being multi-country and using financial intermediation. Most of these projects and programmes had no or low localisation with very limited local-level decision-making power in both planning and implementation[6]. Of private-sector projects, 75% were ranked as 'no localisation' and the rest as 'low localisation.'

Consideration of structural inequalities that different groups[7] face, and consideration of key drivers of inequality, was limited throughout all funding proposals. Principle 2 was thus assessed for the level of procedural and distributional justice embedded in the projects for all local beneficiaries. Like previous indicators, private-sector, multi-country, non-grant, intermediation projects had limited procedural and distributional justice. For procedural justice, grant-based projects submitted by non-financial institutions, especially national DAEs, that focused their efforts on a single country scored considerably higher than loan- or equity-based projects and projects implemented across multiple countries. For distributional justice, only nine projects were considered to have 'transformative benefits,' all of which were single-country, public-sector projects, grant-financed, and by non-financial institutions.

The project duration, funding channels, existence of facilities for local access, as well as project/programme activities aimed at building sustainability, were considered for assessing if funding was patient, predictable, and accessible[8]. The project/programme duration also influenced assessment of the sustainability indicators. For example, if a project strongly emphasized enhancing local-level ownership and institutionalisation or capacity-building of local institutions and individuals, but the project duration was under 7 years, it ranked lower on the sustainability indicators. This was because these objectives cannot be realistically achieved in the short timeframe. Intermediation projects were less likely to build local capacities (73% 'low'), provide net benefits over time (55% 'low'), and ensure local ownership and institutionalisation (82% 'low'). Private-sector projects were also unlikely to achieve the same three respective objectives. Equity projects, all of which were private-sector, ranked lowest on sustainability issues. Finally, multi-country projects were also less likely than single-country ones to focus on building local capacity (53% ‘low’) and ensure ownership and institutionalisation (67% ‘low’).

Most funding proposals scored ‘medium’ for creation of an enabling environment. It seems generally understood that an enabling environment is important for initiatives’ long-term sustainability and transformation potential. However, most projects did not create horizontal and vertical linkages between the different levels. Intermediation, private-sector, equity, and multi-country projects ranked particularly low for an enabling environment.

For ‘strengthening local capacities,’ the performance across all funding proposals was considerably lower and there was a greater difference between the categories. A considerable share of projects was ranked ‘low’ for categories including private-sector (88%), multi-country (73%), intermediation (91%), and equity projects (100%). Capacity gap assessments were uncommon across all categories, with an average 53% of projects ranked ‘low’[9]. Project beneficiaries’ individual skills development was more evenly distributed. Most projects (45%) across all categories ranked ‘low.’ Negative outliers include private-sector projects (88% ranked ‘low’), especially those using equity as an instrument (100%).

Of projects and programmes, 60% did not have efficient monitoring, evaluation, and learning (MEL) systems to support adaptative management, while 75% of private-sector projects, especially those financed using equity (100%), 82% of intermediation projects, and 67% of multi-country projects were considered to have ‘no processes for MEL.’ The trend was similar for peer-to-peer learning mechanisms: 63% of all projects, 88% of private-sector, 100% of equity-financed, and 82% of intermediation projects did not provide peer-to-peer learning.

Transparency was particularly low for projects with multiple financial instruments (71%), and for multi-country (87%), intermediation (91%), and private-sector projects (100%). These categories also had limited bottom-up planning, with 88% of private-sector, 100% of equity, 79% of multiple financial instruments, 73% of multi-country, and 82% of intermediation projects ranking ‘low.’

The projects with the best overall performance across the Principles for Locally Led Adaptation were mostly in the ‘micro’ category per the GCF project size categories. All ‘micro’ projects were public-sector and single-country, and all but one used grants as their financial instrument. There was only one ‘large’ programme in the sample, which underperformed across all principles and indicators. This underperformance is not necessarily a result of the project’s size, but instead of its design and characteristics (private-sector, multi-country, intermediation).

3.4 Performance of Direct Access Entities

Developing countries strongly promote direct access to enhance country ownership and access to finance, although the focus is usually on the national and not the local level. A more detailed look at the performance of direct access projects and programmes gives a mixed picture.

Only four projects were submitted by regional DAEs and all had very low levels of localisation. All ranked as having either ‘low localisation’ or ‘no localisation.’ The same applied to procedural and distributional justice. Regarding sustainability, 50% of regional DAEs scored ‘low’ on building local capacities for sustainability, and 75% scored ‘low’ on ownership and institutionalisation at the local level. Few (25% of) projects and programmes by regional DAEs focused on strengthening local capacities, and no regional DAE projects included peer-to-peer learning mechanisms. None of the regional DAE projects and programmes had adequate transparency mechanisms. Of the four regional DAE projects, three proposals were multi-country programmes and one was a single-country project. These were all submitted by financial institutions, focused on intermediation, and included multiple financial instruments (two combining grants with loans and two combining grants with equity).

National DAEs outperformed regional DAEs and IAEs across many indicators. The 10 projects and programmes national DAEs submitted had better exit strategies (50% were evaluated as ‘high’), were more likely to build local capacities for sustainability (80% were evaluated as ‘medium’ and 20% as ‘high,’ with no project evaluated as ‘low’), were more likely to ensure net benefits over time (80% were evaluated as medium and 20% as high) and were more likely to ensure ownership and institutionalisation at the local level (30% were evaluated as ‘high’). However, there were considerable differences between national DAE projects in other indicators, including the level of localisation, with 50% scoring relatively low, 30% with high levels, and one with full localisation. National DAE projects were all single-country, nine of 10 were public-sector, direct-implementation, grant-based projects, and only one was a private-sector, intermediation programme by a financial institution, using a mix of loans, grants, and guarantees.

National DAE projects generally ranked higher than IAE projects and programmes in many, but not all, indicators. However, there was no consistent focus on the local level. Although direct access often achieves higher levels of localisation, more guidance is required to ensure decision-making reaches the local level.

More guidance is required to ensure decision-making reaches the local level

04 Discussion

Distributional justice, quality of the exit strategy, net benefits, capacity building, creation of an enabling environment, and ensuring that projects build on existing initiatives were amongst indicators with a relatively good performance. This indicates there may be an acknowledgement that beneficiaries should be involved in the implementation and benefit from project activities, and that these benefits need to be maintained over the long term. These components are strongly reflected in the GCF proposal template, investment criteria, and policies.

However, general performance was low across the Principles for Locally Led Adaptation and the corresponding indicators. Funding proposals are only a guideline for implementation, and actual implementation on the ground may differ. However, they do give insight into whether GCF policies and processes promote these principles' inclusion in the design and implementation of projects and programmes, as well as accredited and implementing entities' general thinking and values. Localisation, meaningful participation (procedural justice), transparency, and accountability were amongst funding proposals' key weaknesses.

The Issue of Localisation

That local stakeholders and communities should be involved, and processes should be 'participatory' is acknowledged and understood, but this is mainly done through consultations. These are often one-off and usually done with selected stakeholders at the national level. Participatory and locally led processes often require effort and considerable budget to convene key stakeholders and create efficient, effective, and meaningful exchange and feedback loops. They must be considered in project design and continue during implementation, as well as monitoring and evaluation. 'Participatory' and 'bottom-up' have become concepts frequently used and mentioned in policies, guidance, and funding proposals themselves, but they mostly are not backed by activities, budget, or implementation arrangements.

Adaptation is highly localised and depends on local socio-economic and biophysical conditions. More decision-making authority is needed at the local level to shape adaptation priorities. Local actors must be involved in project planning and prioritisation and be key agents in design and implementation. This includes informing them of progress and collecting regular feedback as minimum requirements. This and incorporating traditional knowledge and practices can considerably boost a sense of ownership beyond the cooperation with NDAs. The IPCC report concluded that indigenous and local knowledge, community-based adaptation, and ecosystem-based adaptation are vital components of effective adaptation strategies and actions, and they were seen to generate transformative and sustainable changes (Pörtner et al. 2022). Participation should extend beyond consultations at both the national and sub-national levels to create regular and meaningful horizontal and vertical exchanges.

Considerable detachment often exists between activities at the national and local levels, though these should build on and inform each other. Most hydromet projects or projects developing climate information systems, for example, performed very poorly when assessed against the Principles of Locally Led Adaptation. However, most of them aimed to enhance local communities' resilience. They are often implemented exclusively at a national government level and with limited involvement of local-level community structures. There are, however, some projects that tried to integrate and link these levels.

BEST PRACTICE APPROACHES:
Considering Local Needs in Climate Information Systems – Scaling up the use of Modernised Climate Information and Early Warning Systems in Malawi FP002 (UNDP)

This is a 6-year project submitted by the United Nations Development Programme. It requested USD12.295 million in grants from the GCF to support the Government of Malawi in establishing a weather and climate information system and enhancing hydro-meteorological capacity, early warning systems, forecasting, and dissemination of climate information.

The project actively tries to facilitate dialogue between different stakeholders at the local level (such as farmers, fisherfolk, communities, schools, women, and church groups) to ensure that broad-ranging views are incorporated. To make sure that weather/climate and agricultural advisories are tailored to the communities' needs, local-level actors are also supposed to be involved in determining sites for climate monitoring equipment and trained in maintenance. Local indigenous knowledge was considered in developing simulation training for disaster risk responses. This includes capacity-building at the district government and community level to ensure intermediary support, such as by extension officers and lead farmers, and establishes district Information Centres. Climate information will be provided in different languages and through different instruments. Regular field surveys and community meetings will be organised to collect feedback on the services. Communities are also involved in monitoring and evaluation, as quarterly and annual plans for project implementation are reviewed and refined with communities in target districts.

Consultations and Meaningful Participation: A Difference

To ensure meaningful participation, structural inequalities that may limit certain groups' participation must be considered. The IPCC report highlighted that participation of historically excluded groups – such as women, youth, and marginalised communities – can contribute to more equitable and socially just adaptation actions. This must include recognising indigenous rights and local knowledge in climate change responses' design and implementation. Co-production of policy at all scales of decision-making can advance equitable adaptation efforts and reduce maladaptation risks (Pörtner et al. 2022). Currently, funding proposals mainly consider gender inequality to varying degrees. All GCF-funded projects and programmes must conduct a gender assessment and develop gender action plans, as reported in the APRs. Schalatek et al. (2021) found that most projects and programmes do not adequately promote gender equality as outlined in the GCF's Governing Instrument and Gender Policy, and there is considerable need to ensure a more robust and comprehensive approach to gender issues (Schalatek et al. 2021). This assessment supports these concerns. Underlying drivers of inequality are often not discussed and thus unlikely to be addressed. The following case study is a good example of how the local level was encouraged to participate in a large infrastructure project and how gender considerations can be taken a step further.

GOOD PRACTICE APPROACHES:
Embedding Local Communities in Gender into Large Infrastructure Solutions – Simiyu Climate Resilient Project FP041 (KfW)

The Simiyu Climate Resilient Project submitted by KfW (Kreditanstalt für Wiederaufbau [Credit Institute for Reconstruction]) requested USD103 million in grant funding to support Tanzania in improving rural and urban households' resilience by addressing issues of water supply, sanitation services, and agricultural practices, while supporting the government in improving the institutional and regulatory framework for cross-sectoral and community-based adaptation planning.

The 5-year project focuses on infrastructure, but unlike other projects targeting infrastructure, it embeds a community-based approach. This means that the measures the project finances at the local level are community-driven and demand-based with additional support for developing community adaptation plans to improve the identification of community needs and priorities. Women's specific needs in accessing water points, for privacy, safety, and dignity, and time availability are considered in the project selection and design. The project is also expected to serve as a model for future multi-sectoral programmes by using the lessons learnt, including targeting of the most vulnerable and equal participation of women for proposing legal and regulatory changes.

Enhancing Transparency and Accountability

For most projects, no financial information, detailed budgets, or spending overviews, apart from gender action plans and their related budgets, are available. These factors limit stakeholders' and beneficiaries' abilities to hold accredited and implementing entities accountable, which detaches the local level from project implementation and from future decision-making and priority actions that impact their lives. Currently, the GCF often does not make financial information available, though Accredited Entities submit their APRs with financial information and provide detailed budgets when they submit funding proposals. When APRs are publicly available, the amount and quality of the information provided are insufficient for fully understanding and assessing implementation progress. Assessing the finance amount flowing to the local level and ensuring transparency and accountability around financial information are, as a result, extremely difficult.

Grievance mechanisms do not effectively offset the absence of regular social audits or opportunities for the local level to provide feedback on how a project impacts their lives in enhancing learning and adaptive management. MEL is often seen as a project's compulsory component and not an opportunity to integrate local-level concerns and feedback to improve adaptive management and future interventions. More flexible programming and additional funding are vital enablers of adaptive management and response to arising needs and circumstances.

Redefining Country Ownership and Supporting Institutionalisation

While most funding proposals performed relatively well across indicators that support project interventions' sustainability over the long term, ownership and institutionalisation often were not strongly promoted, and this could compromise sustainability. There is a clear need to encourage ownership and institutionalisation at different levels and strengthen interlinkages and integration. These actions go hand in hand with strengthening local capacities and institutions. Capacity-building should be locally relevant and benefit local actors. To be useful and efficiently build capacities, implementation must be based on local needs, though hardly any capacity gap or needs assessments are conducted in the project design or implementation stages. Strengthening capacities also involves building individual skills (such as life skills, business, advocacy, and negotiation) to allow local-level actors to use their improved technical capacities (such as agricultural production methods, improved forestry management, and disaster risk response).

Also, despite the relatively good performance in areas linked to sustainability, most projects/programmes assessed were implemented within very short timeframes (under 7 years, and most with a 5-year period). This raises concerns about whether interventions are long enough to implement a good exit strategy or build sustainability capacities.

Creating facilities for local access seems to be increasingly used to enhance local-level decision-making, ownership, and access to finance. However, not all facilities efficiently strengthen local access; their access criteria are a pivotal determinant. Facilities for local access are often narrowly defined regarding thematic areas and have stringent fiduciary criteria and requirements. The local level resultantly cannot efficiently prioritise its preferred adaptation actions because it may not fit into the box, and most local organisations cannot access these facilities. The facilities should be designed collaboratively with beneficiaries.

The facility's design, another key factor, should be done collaboratively with beneficiaries to avoid maladaptation. Many projects emphasise the high poverty levels in the implementation country and develop loan facilities to enhance access to funding. While this may improve access to credit, repayment periods starting at 2.5 years can place an additional burden on local beneficiaries. The project duration is a significant consideration in ensuring that funding is patient enough to encourage sustainable development and boost resilience.

GOOD PRACTICE APPROACHES:
Providing Patient Finance for Vulnerable Communities – Climate Risk Insurance by the World Food Programme

The World Food Programme has several projects aimed at implementing climate risk or agricultural microinsurance to transfer some risk from the national or local level to the international level and to ensure that smallholder farmers are compensated for climate-related shocks. The micro-insurance scheme uses progressive cash contributions by farmers based on farmers' participation in asset-creation activities within the projects. Initially, insurance premiums are paid by the project while farmers' contributions progressively increase over time. This reduces the financial burden on farmers and allows sufficient time for changing traditional livelihood and production patterns to increase income levels.

While it can be difficult for projects with facilities to demonstrate local benefits and involvement without specified sub-projects, they can design a framework for guaranteeing that sub-projects fulfil specific criteria.

GOOD PRACTICE APPROACHES:
Providing a Framework for Local Participation in Investment Decision-Making – Green Cities Facility (FP086) by the European Bank for Reconstruction and Development

The Green Cities Facility finances climate-related investments at the municipal level. The Facility requested EUR180 million in loans and EUR48 million in grants from the GCF. The grants support Green City Action Plans (GCAPs), policy dialogue, technical assistance and capacity-building, and Green Capital Market Roadmaps. GCAPs are used to identify, prioritise, and evaluate actions and investments, and provide the strategic basis for accessing the Facility.

To secure flexibility in investments to address local or municipal needs, the project defines a multi-step framework for developing GCAPs in all implementation countries. Step 1 focuses on creating a baseline and identifying priority challenges. Step 2 develops the GCAPs with a clear vision, strategic objectives, actions, and targets. Steps 3 and 4 deal with implementation and reporting, respectively. Every step includes some type of stakeholder consultation to identify priority actions and make sure these are included in the plan, which guides the Facility's investments. Providing a framework for identifying and prioritising investments, which includes local stakeholders is a step towards ensuring more community involvement in decision-making.

The Trade-off between Scale, Impact, and Speed of Implementation

Projects by financial institutions, private-sector projects, multi-country projects, and projects using equity and loans as primary financial instruments generally performed poorly when assessed against the Principles for Locally Led Adaptation. These categories should not be viewed in isolation, and considerable interdependencies exist. For example, of the eight private-sector adaptation and cross-cutting projects assessed, seven were multi-country, and only one was single-country. All have used either equity (two programmes) or multiple instruments (six programmes and projects) – mostly a combination of loans and grants, with one combining equity and grants. All the private-sector projects had financial institutions or banks as Accredited Entities.

Soanes et al. (2017) indicated that key barriers to more participatory and locally led adaptation include:

- Prioritising scale over impact with a preference for large projects
- Widespread use of financial intermediaries, usually development banks and other international organisations, which tend to be less willing to finance projects at the local level because of the often small scale and higher transaction costs
- Risk-averse behaviour resulting in a focus on large infrastructure projects, large-scale projects with greater potential for revenue generation, and few Accredited Entities suitable for working at the local level
- Inadequate support for building local capacity
- Co-financing requirements, which can be a burden for local actors
- Ineffective oversight and enforcement of participatory processes, which leads to limited compliance with existing policies for enhancing local participation and ownership (Soanes et al. 2017)

Many of these barriers were present within private-sector projects. Also, owing to multi-country projects' considerable geographic scale, extremely high budgets are needed to ensure meaningful local-level participation and engagement in all participating countries. Designing adaptation activities for the local level when the project spans multiple countries is difficult. It also decreases consideration of specific inequalities at the local level, as well as local and traditional knowledge, local climate data, local institutions and their specific needs, and any other highly context-specific aspects.

Private-sector projects, which mostly are also multi-country, are often designed with implementation and decision-making structures geared to ensuring commercial viability and returns on investment, especially when other private investors are involved (e.g. equity projects). This means decision-making is less likely to consider local preferences, needs, and priorities because local-level benefits and impacts are not necessarily the primary concern in these projects and programmes.

However, there are exceptions wherein large financial institutions using funding instruments such as loans have performed well across all principles and indicators. The good performance across other principles that the GCF already emphasises indicates that improved policies and guidance can contribute to better-designed projects.

A Need for Practical Guidance

Practical guidance on designing projects is needed based on the principles of locally led adaptation, which requires a fundamental shift away from conventional project design. A more detailed look at the highest-rated funding proposal may help identify best practices in designing projects that improve locally led adaptation.

BEST PRACTICE EXAMPLE:

Enhancing Local Decision Making and Community Self-Mobilisation – Empower to Adapt (FP024), by the Environmental Investment Fund of Namibia

The Empower to Adapt project is a 5-year project submitted by, the Environmental Investment Fund of Namibia, a direct access entity. The USD10 million project is one of only three projects approved under the GCF's Enhanced Direct Access Pilot, and the only one for Africa. It builds on an existing programme and its related network of communal organisations, the Namibian Community-based Natural Resources Management network, to identify and implement community-based activities for promoting resilient livelihoods.

The project established a grant facility to allow communities direct access to climate, while providing capacity-building and community support to ensure the activities' sustainability and increase their success. Under this structure, community organisations themselves determine what adaptation initiatives they want to implement. This happens in three areas: climate-resilient agriculture, climate-resilient infrastructure, and ecosystem-based adaptation. The capacity-building component includes a focus on strengthening local governance and support for identifying appropriate interventions, as well as a local-level climate-monitoring system, tailor-made for community organisations, that supports adaptive management.

05 Conclusions and Recommendations

An Independent Evaluation Unit (IEU) evaluation concluded that a trade-off between country ownership, paradigm shift, and the GCF's accredited-entity-driven business model exists and is particularly relevant for IAEs (IEU 2022). This study, showing limited consideration of local needs and priorities in adaptation planning and programming by IAEs and regional DAEs in terms of ownership at the local level and their potential for transformative impact, supports this statement.

This study also confirmed a misalignment between the scale of projects, the impact, and the implementation speed. The most impactful projects may be relatively small and close to the ground, taking considerable time to develop and implement; however, they address local needs and priorities much more efficiently. A project's especially large size does not necessarily yield a greater impact on the resilience, adaptive capacity, and well-being of the most vulnerable.

This underscores the direct access modality's importance in improving access to climate finance for sub-national priorities and adaptation actions. DAEs performed better on average across most Principles for Locally Led Adaptation. However, there were often considerable differences between DAEs. This underscores the importance of building DAEs' capacity to identify and develop integrated and locally relevant adaptation priorities, design and implement climate finance projects, and make sure that actors at different levels cooperate and communicate efficiently to create an enabling environment.

The GCF's accreditation strategy and Updated Strategic Plan should focus on achieving a better balance between speed, scale, and impact. Large projects implemented as fast as possible often favour IAEs. DAEs might need more support and capacity-building, yet they may have a higher impact at the grassroots level. Mainstreaming the Principles for Locally Led Adaptation into the design and implementation of projects and programmes can contribute to ensuring that a project's speed and the scale are aligned with the needs and priorities and with the required impact at a grassroots level.

The Enhanced Direct Access Pilot should be revisited, and best practice projects or programme examples that fit the 'enhanced direct access' concept should be developed based on lessons learnt. There may be considerable scope to pilot some of these tested and successful approaches in other countries under the Simplified Approval Process.

Grant funding will remain a vital instrument for supporting adaptation actions, especially at a sub-national level, and enhance the resilience of the most vulnerable, who often cannot afford loans, insurance, or other financial products. New financial mechanisms should be tested at the local level to make sure they are relevant. There may also be traditional social lending and social support practices that could serve as a blueprint for better-designed financial products. The GCF should reconsider its focus on promoting instruments such as equity in adaptation projects, and better define when these instruments make sense and how they can be designed more responsively to the local level.

While supporting direct access, the GCF should ensure that all projects and programmes that accredited entities present take a more localised approach to adaptation. A more expansive understanding of country ownership is needed, along with mechanisms for securing meaningful and effective engagement with the local level. This could be included as standards or guidelines on country ownership, which the IEU itself considers still lacking.

The ‘needs of recipients,’ another GCF investment criterion, should include needs at various levels and ensure that sub-national priorities and needs of the most vulnerable are considered in national planning and prioritisation processes. All the aspects that contribute to a paradigm shift and sustainable development, as included in the GCF’s Updated Strategic Plan, can also be strengthened by engaging stakeholders at all levels, including a stronger, more meaningful role for local-level stakeholders in adaptation action.

Apart from improved policy and guidance is a need to enhance the accountability of project performance and outcomes. This assessment was based on the funding proposals submitted to the GCF. Local-level decision-making, engagement, and ownership must also be mainstreamed into project implementation and consistently reported on. For example, the project, ‘Scaling up the use of Modernised Climate Information and Early Warning Systems in Malawi (FP002),’ presented as a best practice approach above, strongly focused on the local level in the project design. However, local organisations noted limited community involvement (such as in the determination of sites), sensitisation, capacity-building, and community ownership in the implementation, which led to vandalism of climate monitoring equipment.

The Integrated Results Management Framework is a key structure that could be improved to ensure better vertical and horizontal linkages[10]. As the Framework currently stands, local actors are mainly considered beneficiaries rather than drivers of change and key players in project and programme design and implementation. As a potential way to improve this, creating an enabling environment could not just focus on creating institutional and regulatory frameworks, innovation and technology, market transformation, and knowledge generation. It could also consider vertical and horizontal linkages and how well national and sub-national levels are linked. This would ensure that enabling environments are relevant and effectively address local issues and priorities. Another option could be to move away from using the ‘number of beneficiaries’ that adopted a certain technology or adaptation practice as a measure of impact, and to include degrees of ownership and institutionalisation.

Local-level decision-making, engagement, and **ownership** must also be **mainstreamed into project implementation** and consistently reported on.

As part of the GCF’s environmental and social safeguard requirements, in-depth consideration of structural inequalities, identification of local needs and priorities, and creation of feedback loops and horizontal and vertical linkages should also be considered in developing environmental and social plans. Additionally, guidance on implementing the GCF’s Gender and Indigenous Peoples Policy should be improved and mainstreamed across funding proposals and annual performance reviews.

Endorsing the Principles for Locally Led Adaptation and slowly incorporating these into GCF policies and guidelines would be a valuable first step towards enhancing localisation. Meaningful involvement, participation, and benefits to the local level should be primary considerations in enhancing country ownership and encouraging paradigm shift. More locally led prioritisation and adaptation action should be a key consideration in revising the GCF’s Strategic Plan to enhance country ownership and promote such paradigm shifts. It should be mainstreamed throughout the GCF’s guidance to enhance adaptation. Accredited Entities – as part of their agreement with the GCF – should commit to meaningful and continuous involvement and exchange with sub-national actors beyond government authorities.

A considerable need also exists for more transparency in GCF-funded projects. The availability of financial and non-financial information is vital for ensuring that beneficiaries can hold accredited and implementing entities accountable. Improved access to information, collection of feedback, and engagement with the local level can contribute to better projects over time.

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06 Endnotes

1 The Governing Instrument of the GCF states that the GCF will 'pursue a country driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders.' More details on the GCF's country ownership approach can be found in the 'Guidelines for enhanced country ownership and country drivenness': https://www.greenclimate.fund/document/gcf-b17-14

2 These projects were predominantly loans with a smaller grant component.

3 For this assessment, the repayment period's start was considered as the end of the project for loan-funded projects. Patient capital for loan-funded projects should include an assessment of the concessionality level and the length of beneficiaries' repayment period. However, these two aspects are not easy to assess at the local level, as information about the level of concessionality given to project beneficiaries is not readily available in funding proposals, and its adequacy depends on each project's specific context. The same is true for repayment periods.

4 To assess if a facility enhances 'local access,' we assessed the specifications and access criteria (especially in terms of fiduciary standards).

5 Although an independent oversight system (e.g. in the form of a reference group) is currently not a standard practice and required for Accredited Entities, it could be a way to enhance transparency and accountability towards the local level and beneficiaries, and not only a way of reporting to the GCF.

6 The involvement of local-level institutions as executing entities was not considered. Although important, it was difficult to assess how connected a specific entity was to the grassroots level. This would require detailed knowledge of the local context for all countries.

7 Including women, youth, children, disabled and displaced people, indigenous peoples, and marginalised ethnic groups.

8 This included the exit strategy, activities aimed at building local capacity to sustain the project's activities, potential net benefits over time, and local-level organisations' level of ownership and institutionalisation of project activities.

9 'Low' indicates the complete absence of a capacity needs assessment, while 'medium' includes a capacity assessment in the design, and 'high' indicates an assessment in design and verification throughout implementation to support adaptive management.

10 The current Integrated Results Management Framework, approved in 2021, aims to support climate action at the 'sectoral, local and national level.'

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A1: Methodology

LLA Principle	Indicators	Questions
1) Devolving decision making to the lowest appropriate level	**Level of Localisation:** – **No localisation:** subnational actors or local communities are not consulted or do not participate in adaptation design or delivery. – **Low localisation:** subnational actors or local communities are consulted. – **Medium localisation:** subnational actors or local communities participate on equal terms based on gender, ethnicity, and in relation to project team (EE, AE, NDA). Their feedback and input are collected and considered. – **High localisation:** subnational actors or local communities participate and have decision-making authority on adaptation priorities for the project, but don't set implementation agenda. – **Full localisation:** subnational actors or local communities set the agenda, lead the design, and have decision-making authority within the project.	Are local actors involved? What is the hierarchy? Are they part of the implementation arrangements? Are community leaders engaged in project steering committees, working groups, or reference groups? Are community representatives directly involved or represented by CSOs? Have local communities been consulted in the design of the project or as part of the ESS and gender assessments? Do they have decision-making authority, veto rights or rights to object? Are women, youth, indigenous and marginalised people involved in prioritisation, project design, implementation, and M&E? Did communities have a change to voice capacity building, access and external support, as well as information needs? Has a needs assessment been conducted?
	% adaptation finance flowing to local institutions or through national institutions to finance community priorities. (70%) Adaptation Finance Flows Institutional Level – IAE with limited local cooperation – IAE working through national DAEs / EEs – National-level DAE is developing and implementing the project. – National-level DAE designs projects but implements through local institutions. – Projects are designed and implemented locally by DAEs. Amount / % of Total (Separate Sheet)	Is funding flowing to local communities or is invested via national channels into community priorities? Are activities implemented by local institutions or in close collaboration with local institutions? Who designs the proposed activities? Who defined the priorities of the project?
	Existence of a project specific accountability / feedback mechanism – No system in place. – One way / top-down feedback system: Focus on information sharing. – Two- way system: Regular progress reporting and feedback for adaptive management learning. – Two-way system and feedback / concerns are elevated to higher (e.g. government level) outside of the project to support transformational change.	Does the funding proposal and APRs detail feedback and communication channels? Is communication predominately one-way focusing on information sharing or does it value feedback and actively collects and acts on feedback on project activities and implementation?

A1: Methodology (continued)

LLA Principle	Indicators	Questions
2) Addressing structural inequalities faced by women, youth, children, disabled and displaced people, Indigenous Peoples and marginalised ethnic groups	Consideration of procedural justice (based on Svarstadt et al. 2011) – **Manipulative participation:** Local people are "represented" on official boards and platforms, but are not elected, and have no influence. Little to no interaction between local stakeholders and implementing institutions. – **Passive participation:** Local people participate by being told what has been decided or has already happened through unilateral announcements by the project team or AE. Responses are not really considered. – **Participation by consultation:** Local people are consulted or answer questions. External people define problems, data collection and consultations, and control analyses. Local communities have no share in decision-making, and there is no mechanism that ensures consultation feedbacks are incorporated into project design and implementation. – **Participation for material incentives:** Local people contributing resources (e.g. labour for food, cash, or other incentives). Decisions are made by the managing institutions alone, and practices end when incentives end. – **Functional participation:** Local people are seen as external agents that can support the achievement of project goals and are involved to meet pre-determined objectives. Local people interact and may be involved in decision-making after major decisions have been made. – **Interactive participation:** Local people are involved in joint analysis, development of action plans and the creation / strengthening, of local institutions. Participation is considered a right. Formalised decision-making structures / platforms involve local stakeholders regularly. Local people take control over local decisions and determine issues. – **Self-mobilisation:** Local people independently develop initiatives and change systems without external institutions. They can develop and enter contacts with external institutions. There is a transfer of authority and responsibility.	Representation of women, youth, children, disabled and displaced people, Indigenous Peoples, and marginalised groups in decision-making structures platforms? Are issues of social, economic and political inequalities explicitly addressed? Are risks and vulnerabilities and underlying structural issues considering intersectionality and gender adequately outlined? To what extent are these groups engaged in project or policy processes? Is provision made for building local institutions to address structural inequalities and enhance community leadership?

A1: Methodology (continued)

LLA Principle	Indicators	Questions
2) Addressing structural inequalities faced by women, youth, children, disabled and displaced people, Indigenous Peoples and marginalised ethnic groups	Consideration of Distributional Justice: Benefits to Women, Youth, Marginalised and Vulnerable – No benefits beyond consultation during project implementation. – Inclusion in the project design and definition of priorities to ensure needs are considered and incorporated. – Inclusion in implementation (e.g. through capacity building, access to inputs / services / amenities and implementing activities) – Tangible benefits through transformation (e.g. creation of markets that ensure employment, monetary benefits, and improved wellbeing in the long-term / beyond project).	Is the funding ringfenced to ensure excluded people have access to land, services, and natural resources? Are the majority of benefits direct or indirect? What kinds of benefits are outlined in the funding proposals? Are the benefits distributed fairly (e.g. considering gender, marginalised, indigenous, and vulnerable communities)?
3) Providing patient and predictable funding that can be accessed more easily	Project Duration *[Adaptation finance should be provided for over 7+ years' timeframes to build sustainable local-level institutions: Yes / No]*	How long is the project duration?
	Funding Channel – International – National – Local	How is funding accessed? By international or national entity?
	Facility for Local Access [yes/no]	Is provision for simplified access for local actors made? For example, does the project allow for direct access e.g. through a grant facility or is support available?
	Available Funding for Local Facility ($)	How much funding has been made available for the local facility?
	Financial Instrument [Grant, Equity, Loan, Guarantee, Multiple]	What financial mechanism is used for the local facility? E.g. concessional loans, guarantees (insurance schemes), grants etc.
	Commitment of Long-Term Funding (Sustainability) – Quality of exit strategy	Are adaptation funds ringfenced to ensure predictability for local institutions? What is the sustainability strategy? Are activities likely to be maintained after the project ends? Can the activities be maintained without further donor funding? *[Also consider maintenance strategies for infrastructure or community structures created by projects]*
	– Local capacity has been built at the end of the project to sustain financing and activities.	Does the project adequately build local capacities? *[incl. organisation / coordination / community structures, business development, project development, financial literary in addition to adaptation related skills, improved knowledge, and access to knowledge etc.]*

A1: Methodology (continued)

LLA Principle	Indicators	Questions
3) Providing patient and predictable funding that can be accessed more easily	– Net benefits over time	How are the benefits spread out along the project? Do benefits abruptly end at the end of the project or are there long-term benefits? *[Often mentioned in the Efficiency and Effectiveness Section]*
	– There is ownership and project activities have been institutionalised by local organisations.	Do local institutions have the necessary knowledge, capacity, governance structure and policy backing to maintain activities beyond the project?
4) Investing in local capabilities to leave an institutional legacy	Training / Capacity Building *[Look at types of capacity building, which ones contribute to longer-term strengthening of institutions]* – Creation of an Enabling Environment	Does the project support the development of an enabling environment that supports / promotes local level engagement? *[e.g. improved coordination, improved knowledge basis or access to knowledge, improved governance / legislative and regulatory environment etc.]*
	– Strengthening Local Institutions	Do investments support the building of local institutions? Do these investments develop the right structures to ensure local leadership on adaptation when the project ends?
	– Assessing Capacity Gaps	Has a capacity building needs assessment been conducted, which considers skills relevant for long-term sustainability of project outcomes / results? Does the project utilise the local capacity experiences/indigenous knowledge to implement project
	– Skills Development *e.g. training based on identified needs, also beyond just adaptation / land management incl. business development, financial literacy etc.*	Does the project build individual capacities and provide training that ensure long-term sustainability of activities? What indicators are used to measure (the impact of) capacity building?
	Existence of National Platforms / Institutions	Are there any platforms, structures or institutions that will support local actors from public institutions, private sector and civil society to access climate finance and maintain project initiatives?
5) Building a robust understanding of climate change risk and uncertainty	Incorporation of Local and Traditional Knowledge	Does the climate change risk assessment include local insights, generational and traditional knowledge?
	Local Climate Data	Do climate change projections consider differences between local contexts to find optimal solutions?
	Local Needs Assessment	The needs of local people are considered in the development of climate information systems?

A1: Methodology (continued)

LLA Principle	Indicators	Questions
6) Flexible programming and learning	Flexible platforms and delivery mechanisms	Has the project been designed in a way that ensures platforms and delivery mechanisms can be easily adapted to changing circumstances? Are project outcomes / outputs very detailed or broadly phrased?
	Processes for MEL / Funding for MEL	Does the project / intervention have an active monitoring, evaluation and learning system that promotes adaptive management? Have these been used to adapt approaches or budgets?
	Additional flexible finance	Does the project make provision for flexible finance to respond to externalities? For example: – Is a specific percentage of the budget free to move between budget lines? – Are there sovereign contingency funds, budget lines or risk pools that can be used to respond to respond to unexpected changes?
	Provision for peer-to-peer learning	Does the programme make provision for peer to peer learning e.g. communities of practice, feedback reports etc?
7) Ensuring meaningful transparency and accountability	Financial Data is Available	Is the financial data of the adaptation initiatives available to stakeholders to track local level benefits?
	Beneficiary Role in ongoing MEL	Is there any MEL targeted at local stakeholders? Do local actors understand the delivery mechanisms and are they involved in feedback loops and social audits? Are local institutions and communities mentioned in the M&E arrangements? What is their role?
	Mechanisms for Accountability to Beneficiaries Communities / Local Level (e.g. Citizen Feedback and Social Audits)	Are regular follow-ups scheduled to collect feedback and report on progress? Are local actors involved in the evaluation of the project, and targeted through accountability mechanisms and structures?
	Mechanisms for Transparency to Beneficiaries Communities / Local Level	Are there inception workshops or awareness workshops on the planned project design and delivery mechanisms? Is key programme information (brochures, governance framework, financial information) translated into local languages and accessible for local people (e.g. at community meetings)? What communication channels are used? Direct communication, communication through local CSOs, local government / authorities etc?

A1: Methodology (continued)

LLA Principle	Indicators	Questions
7) Ensuring meaningful transparency and accountability	Existence of independent oversight system	Are there any committees, institutions or platforms that act as watchdogs and provide independent oversight? Have project stakeholders signed up to accepted, standards, codes and practices?
8) Collaborative action and investment	Duplication with / Building on Existing Projects – Innovation / New Project: There is no overlap with existing projects and no other projects to build on. – There is overlap with other projects, but the projects are synergetic and build on each other. – There is overlap and the overlap is duplicating or conflicting with other projects.	Are funders and intermediaries aligned with existing interventions to reduce duplication?
	Building on Existing Initiatives [yes, no]	
	Bottom-Up Adaptation Planning	Has the following occurred during project design before designing interventions? – Consultations with local communities on needs, existing interventions (own and projects) and their lessons learned? – Consultations with NDA to discuss existing interventions and how the project could fill gaps / be synergetic? – Consultations / discussions with other institutions working in the same space? Was an effort made to create synergies between different project implementors for example by involving them in the project steering committee, dialogue platforms or communities of practice?
	Common Oversight and Reporting Channels	Are different actors in the sector of the FP reporting / accountable to the same institutions? Is there are national platform that ensures collaboration and coordination to promote horizontal and vertical integration?

A2: Scoring of Overview Graph

PRINCIPLE 1	**Level of Localisation**	**Total Score for Indicator 5 points**
	No localisation	1
	Low localisation	2
	Medium localisation	3
	High localisation	4
	Full localisation	5
	Accountability / Feedback Mechanism	**Total Score for Indicator 5 points**
	None	0
	One Way / Top Down	1
	Two-Way (Project Level)	3
	Two-Way (Beyond Project Level)	5
PRINCIPLE 2	**Procedural Justice**	**Total Score for Indicator 5 points**
	Manipulative participation	0
	Passive participation	0,5
	Participation by consultation	1,5
	Participation for material incentives	2,5
	Functional participation	3,5
	Interactive participation	4,5
	Self-mobilisation	5
	Distributive Justice	**Total Score for Indicator 5 points**
	No Benefits	0
	Inclusion in Design	1
	Inclusion in Implementation	3
	Transformation Benefits	5
PRINCIPLE 3	**Project Duration >7 years**	**Max. 1 point**
	No	0
	Yes	1
	Facility for Local Access	**Max. 1 point**
	No	0
	Yes	1

A2: Scoring of Overview Graph (continued)

PRINCIPLE 3	**Exit Strategy**	**Max. 2 points**
	Low	0
	Medium	1
	High	2
	Local Capacities Built	**Max. 2 points**
	Low	0
	Medium	1
	High	2
	Net Benefits over Project Duration	**Max. 2 points**
	Low	0
	Medium	1
	High	2
	Ownership / Institutionalisation	**Max. 2 points**
	Low	0
	Medium	1
	High	2
PRINCIPLE 4	**Creation of an Enabling Environment**	**Max. 2 points**
	Low	0
	Medium	1
	High	2
	Strengthening Local Institutions	**Max. 2 points**
	Low	0
	Medium	1
	High	2
	Capacity Building Assessment	**Max. 2 points**
	Low	0
	Medium	1
	High	2
	Skills Development	**Max. 2 points**
	Low	0
	Medium	1
	High	2

A2: Scoring of Overview Graph (continued)

PRINCIPLE 4	**Existence of a National Platform**	**Max. 2 points**
	No	1
	Yes	2
PRINCIPLE 5	**Incorporation of Traditional Knowledge**	**Max. 3.33 points (10 for principle / 3 categories)**
	No	0
	Yes	0,333333333
	Local Climate Data	**Max. 3.33 points (10 for principle / 3 categories)**
	No	0
	Yes	0,333333333
	Local Climate Needs Assessment	**Max. 3.33 points (10 for principle / 3 categories)**
	No	0
	Yes	0,333333333
PRINCIPLE 6	**Flexible Platforms**	**Max. 2.5 points (10 for principle / 4 categories)**
	No	0
	Yes	2,5
	Processes for MEL	**Max. 2.5 points (10 for principle / 4 categories)**
	No	0
	Yes	2,5
	Additional Finance	**Max. 2.5 points (10 for principle / 4 categories)**
	No	0
	Yes	2,5
	Peer to Peer Learning	**Max. 2.5 points (10 for principle / 4 categories)**
	No	0
	Yes	2,5

A2: Scoring of Overview Graph (continued)

PRINCIPLE 7	**Financial Data Available**	**Max. 1 point**
	No	0
	Yes	1
	Beneficiary Role in MEL	**Max. 3 points**
	Low	1
	Medium	2
	High	3
	Mechanisms for Transparency	**Max. 3 points**
	Low	1
	Medium	2
	High	3
	Mechanisms for Accountability	**Max. 3 points**
	Low	1
	Medium	2
	High	3
PRINCIPLE 8	**Duplication / Synergetic**	**Max. 3 points**
	Duplication / Conflict	1
	Synergetic	2
	Innovation	3
	Building on Existing Initiatives	**Max. 2 points**
	No	1
	Yes	2
	Bottom-Up Planning	**Max. 3 points**
	Low	1
	Medium	2
	High	3
	Common Oversight Systems	**Max. 2 points**
	No	1
	Yes	2