

FEASIBILITY STUDY

Local Climate Adaptive Living Facility – LoCAL Republic of Benin

November 2021 (amended)

Clients: UNCDF – LoCAL Sophie De Coninck
Consultant: Jérôme Dendura – Adelante Knowledge and Development

TABLE OF CONTENTS

Contents

TABLE OF CONTENTS.....	2
LIST OF ACRONYMS	4
1. Introduction	5
2. Context	6
3. Climate change.....	7
3.1 Government commitment and national climate change planning.....	9
4. Decentralization in Benin.....	12
4.1. Local government funding	13
4.2. Communal planning and budgeting	14
4.2.1 Budget implementation, accounting and accountability	16
4.2.2 Communal oversight and support	16
5. Institutional framework: key stakeholders.....	17
6. Changes for LoCAL Phase II	20
6.1. Policy changes since Phase I.....	20
6.2 Lessons learned from Phase I.....	21
7. LoCAL Phase II: design aspects	25
7.1 Intervention logic	25
7.2 Selection of communes.....	27
Results from the survey.....	30
Exposure to Hazards and Impacts on Agro-ecological Zones	28
7.3 Institutional model.....	32
Coordination	32
Roles and responsibilities of implementing partners.....	33
LoCAL Benin Technical Steering Committee	34
National Coordinator	34
Role of UNCDF	34
Roles of other stakeholders.....	34
7.4 Planning, budgeting and oversight.....	35
7.5 Financing circuit.....	36
Overview of FADeC “Conditional” and “Non-Conditional” allocations.....	37
Reporting	38
Audit	38
7.6 Grant amounts, allocation criteria and funding flows	41
Average grant amounts	41
7.7 Environmental and social categorization and screening	44
7.7 Minimum conditions and performance measures.....	45
Minimum conditions	45
Performance measures.....	47

7.9 Menu of eligible activities and investments.....	53
7.10 Annual performance review	53
7.11 Capacity-building approach.....	54
7.12 Risks and assumptions	56
Assumptions	56
Risks and mitigation measures	56
7.13 Duration	57

List of Figures

Figure 1: History of the LoCAL initiative in Benin.....	21
Figure 2: FADeC audit scores for target communes: change over time	23
Figure 3: Enabling factors for LoCAL sustainability and scaling-up (source: APR reports, 2016–2017).....	24
Figure 4: Intervention logic for LoCAL Phase II in Benin	27
Figure 5: Perceptions on Climate-related Hazards.....	30
Figure 6: Perceived Impacts.....	30
Figure 7: Priority sectors of interventions	31
Figure 8: barriers to Investment	31
Figure 9: Map and list of Benin's agroecological zones	29
Figure 10: FADeC performance indicators and relative weightings. Source: FADeC Procedures Manual (internal document).....	39
- Figure 11: LoCAL grants and FADeC allocations (non-allocated, investment component), and comparison with the budget of LoCAL Phase I beneficiary communes.....	42

LIST OF ACRONYMS

CCA	Climate Change Adaptation
ANCB	Association Nationale des Communes du Bénin [<i>National Association of Communes of Benin</i>]
NDA	National Designated Authority
CRA	Cheque Remittance Advice
CC	Climate Change
UNFCCC	United Nations Framework Convention on Climate Change
NDC	Nationally Determined Contribution
CeFAL	Centre de Formation de l'Administration Locale [<i>Local Government Training Centre</i>]
MC	Minimum Conditions
CONAFIL	Commission Nationale des Finances Locales [<i>National Commission for Local Finance</i>]
DGB	Direction Générale du Budget [<i>General Directorate for the Budget</i>]
DGTCP	Direction Générale du Trésor et de la Comptabilité Publique [<i>General Directorate for the Treasury and Public Accounts</i>]
DP	Development Partner
DPP	Direction de la Programmation et de la Prospective [<i>Directorate for Programming and Planning</i>]
FADeC	Fonds d'Appui au Développement des Communes [<i>Local Development Support Fund</i>]
FNEC	Fonds National pour l'Environnement et le Climat [<i>National Fund for the Environment and Climate</i>]
GCF	Green Climate Fund
GOB	Government of Benin
IGAA	Inspection Générale des Affaires Administratives [<i>General Inspectorate of Administrative Affairs</i>]
IGF	Inspection Générale des Finances [<i>General Inspectorate of Finance</i>]
IGN	Institut Géographique National [<i>National Geographical Institute</i>]
INSAE	Institut National des Statistiques et de l'Analyse Économique [<i>National Institute of Statistics and Economic Analysis</i>]
LoCAL	Local Climate Adaptive Living Facility
LG	Local Government
MDGL	Ministère de la Décentralisation et de la Gouvernance Locale [<i>Ministry for Decentralization and Local Governance</i>]
MEF	Ministère de l'Économie et des Finances [<i>Ministry of the Economy and Finance</i>]
MECGCCRPNF	Ministère de l'Environnement Chargé de la Gestion des Changements Climatiques, du Reboisement et de la Préservation des Ressources Naturelles et Forestières [<i>Ministry of the Environment with responsibility for Climate Change Management, Reforestation and Protection of Natural and Forest Resources</i>]
MCVDD	Ministère du Cadre de Vie et du Développement Durable [<i>Ministry of the Environment and Sustainable Development</i>]
NGO	Non-Governmental Organization
PAI	Programme Annuel d'Investissement [<i>Annual Investment Programme</i>]
PAG	Programme d'Action du Gouvernement [<i>Government Action Programme</i>]
NAPA	National Adaptation Programme of Action on Climate Change
PC2D	Programme de Croissance pour le Développement Durable [<i>Programme for Growth and Sustainable Development</i>]
PDC	Plan de Développement Communal [<i>Communal Development Plan</i>]
NAP	National Adaptation Plan for Climate Change
UNDP	United Nations Development Programme
RDP	Revue des Dépenses Publiques [<i>Public Expenditure Review</i>]
SDE	Services Déconcentrés de l'État [<i>devolved government departments</i>]
PBCRG	Performance-Based Climate Resilience Grant (LoCAL grant)
UNCDF	United Nations Capital Development Fund

1. Introduction

The Local Climate Adaptive Living (LoCAL) facility of the United Nations Capital Development Fund (UNCDF) is designed to increase local-level climate change **awareness, integrate** climate change adaptation into local government planning and budgeting in a participatory and gender-sensitive manner, and **increase the financing available to local governments for climate change adaptation**.

LoCAL provides **performance-based climate resilience grants (PBCRGs)**, which ensure programming and verification of climate change investments at the local level. PBCRGs provide a financial top-up to cover the entire cost of adaptation activities, or the additional costs of making investments climate resilient. The grants are disbursed as part of a local government's regular budget envelope, allowing for holistic responses to climate change. PBCRGs are channelled through existing government fiscal transfer systems, rather than through parallel or ad hoc structures. PBCRGs include minimum conditions (MCs), performance measures (PMs) and a menu of eligible investments.

The grants are combined with technical and capacity-building support for local governments. LoCAL uses the demonstration effect to trigger further flows for local adaptation – including national fiscal transfers and global climate finance for local governments – through central governments.

LoCAL was first introduced in Benin in 2014. Implemented alongside the Fonds d'Appui au Développement des Communes [Local Development Support Fund – FADeC], it covers nine communes in the north of the country, with co-financing from the Fonds National pour l'Environnement et le Climat [National Fund for the Environment and Climate – FNEC], which is accredited by the Green Climate Fund (GCF).

As part of its response to climate change, the government has opted to integrate adaptation and mitigation measures into all national and sectoral policies, including decentralization. The Secrétariat Permanent de la Commission Nationale des Finances Locales (Permanent Secretariat of the National Commission for Local Finance – SP-CONAFIL) has been tasked with setting up an adaptation financing window. As a preparatory measure, the Ministère du Cadre de Vie et du Développement Durable [Ministry of the Environment and Sustainable Development – MCVDD] (the National Designated Authority, or NDA) and FNEC have decided to extend eligibility for LoCAL financing to 30 new communes, working in partnership with SP-CONAFIL.

2. Context

Benin forms a narrow strip of land running north to south in West Africa. It sits between Togo to the west, Nigeria to the east, and the Sahel (Burkina Faso and Niger) to the north. According to the fourth General Population and Housing Census (GPHC), conducted in 2015, it has an estimated population of 10,009,749. The country borders the Atlantic Ocean to the south and has three main drainage basins: the Niger River, the Pendjari River, and the coastal basin comprising three rivers (Ouémé, Couffo and Mono). It has one of the lowest levels of human development in the world as measured by the Human Development Index (HDI), ranking 163 out of 189 countries in 2017. Its economy contracted sharply between 2013 and 2016, but growth has returned since 2017. Despite this, the share of people living in poverty increased from 36.2 per cent in 2011 to 40.1 per cent in 2015, with rural areas hit the hardest. Unemployment and under-employment remain high, affecting over 50 per cent of the working-age population. Agriculture is the main source of income for around 70 per cent of the working-age population.

Benin is extremely vulnerable to the harmful effects of climate change. According to climate scenarios, temperatures are projected to rise by between 2.6°C and 3.27°C by 2100, and changes in rainfall patterns and intensity are predicted to lead to more severe droughts and floods. Benin has been engaged in the response to climate change for a number of years, at both the central and decentralized levels. Following on from the National Adaptation Programme of Action (NAPA), Benin began designing a series of climate change adaptation strategies and policies, and implementing adaptation measures. Having recently passed a climate change law, Benin is now at the stage of integrating climate change adaptation into policies and strategies, and is currently working on its National Adaptation Plan (NAP) (United Nations Framework Convention on Climate Change (UNFCCC), 2012). Moreover, the Programme d'Action du Gouvernement [Government Action Programme – PAG] underscores Benin's vision of a sustainable economy and social development.

Benin's Nationally Determined Contribution (NDC) (final version, 2017) identifies four priority sectors for adaptation: agriculture, water resources, forestry and coastal areas. These are the sectors where climate risks are greatest, and where they pose a threat to production methods. Communities are especially vulnerable to drought, flooding, late, heavy rains, strong winds, high temperatures and rising sea levels. The effects of climate change have already been felt over the past three decades, leading to lower agricultural yields, shifting farming seasons, a reduction in the amount of drinking water held in reservoirs, and extended high- and low-water periods. In terms of future vulnerabilities, threats to natural and human systems are likely to stem from the persistence or aggravation of currently observed risks, with differences from one sector to the next. According to projected climate scenarios for 2025, 2050 and 2100, potential impacts range from coastal flooding and saltwater intrusion into inland waterways and aquifers, to falling maize yields in some agroecological zones and a temporal shift in the high-water periods of the Benin section of the Niger River basin.

The vulnerability assessment carried out in preparation for the 2008 NAPA divided the country into eight agroecological zones, each containing communes with similar physical, biological and social characteristics, and with similar adaptation strategies. Four of these eight zones were identified as particularly vulnerable to climate change (NAPA, 2008): the Far North of Benin, Western Benin (Atakora and northern Donga), the Central cotton-producing zone, and the Fisheries zone. These four zones were therefore selected for the deployment of the LoCAL mechanism.

Generally speaking, there are three main types of barriers to decentralized climate action: institutional, technical and financial. The key role played by local governments is recognized in the country's decentralization model and associated financing arrangements, under which they have specific responsibilities and powers in a number of areas (water management and land-use planning, including zoning and construction). Yet most local governments lack the institutional and technical capacities (especially as regards to access to climate information and risk assessments) they need to contribute effectively to integrating climate change adaptation into their

development plans, investment programmes and investment technical specifications, as well as the additional resources necessary to cover the costs of this adaptation effort.

The Government carried out a LoCAL Phase I pilot phase in 2014–2016, with support from UNCDF. Its aim was to show how Benin's local governments could play a role in promoting local resilience-building measures, and to determine the corresponding implementation arrangements, integrating climate finance into fiscal transfer mechanisms and establishing local planning and budgeting processes.

The initial outcomes showed that the activities and investments were effective at building resilience, and that the pilot communes were committed to making climate change a priority in investment plan and programme design and implementation. The government therefore approved deployment of the mechanism in six other communes.

An evaluation of the National Climate Change Committee (NCCC) revealed that the Committee requires capacity-building to enable it to better fulfil its role in guiding and monitoring climate change adaptation budgeting for line ministries. The evaluation also noted that it is impossible to identify climate- and gender-related expenditures because of the way budget nomenclatures are set up, both in Benin and internationally. The government has asked SP-CONAFIL to set up a specific line of financing for climate change adaptation for local governments, in the form of a "climate change" window operated via the FADeC. An Environment and Climate Unit is currently being set up within SP-CONAFIL. This unit will be tasked with managing allocations and will contribute to implementing the measures set out in the 2018 Climate Change Law¹ as they apply to decentralization. LoCAL Phase II will support this new architecture.

3. Climate change

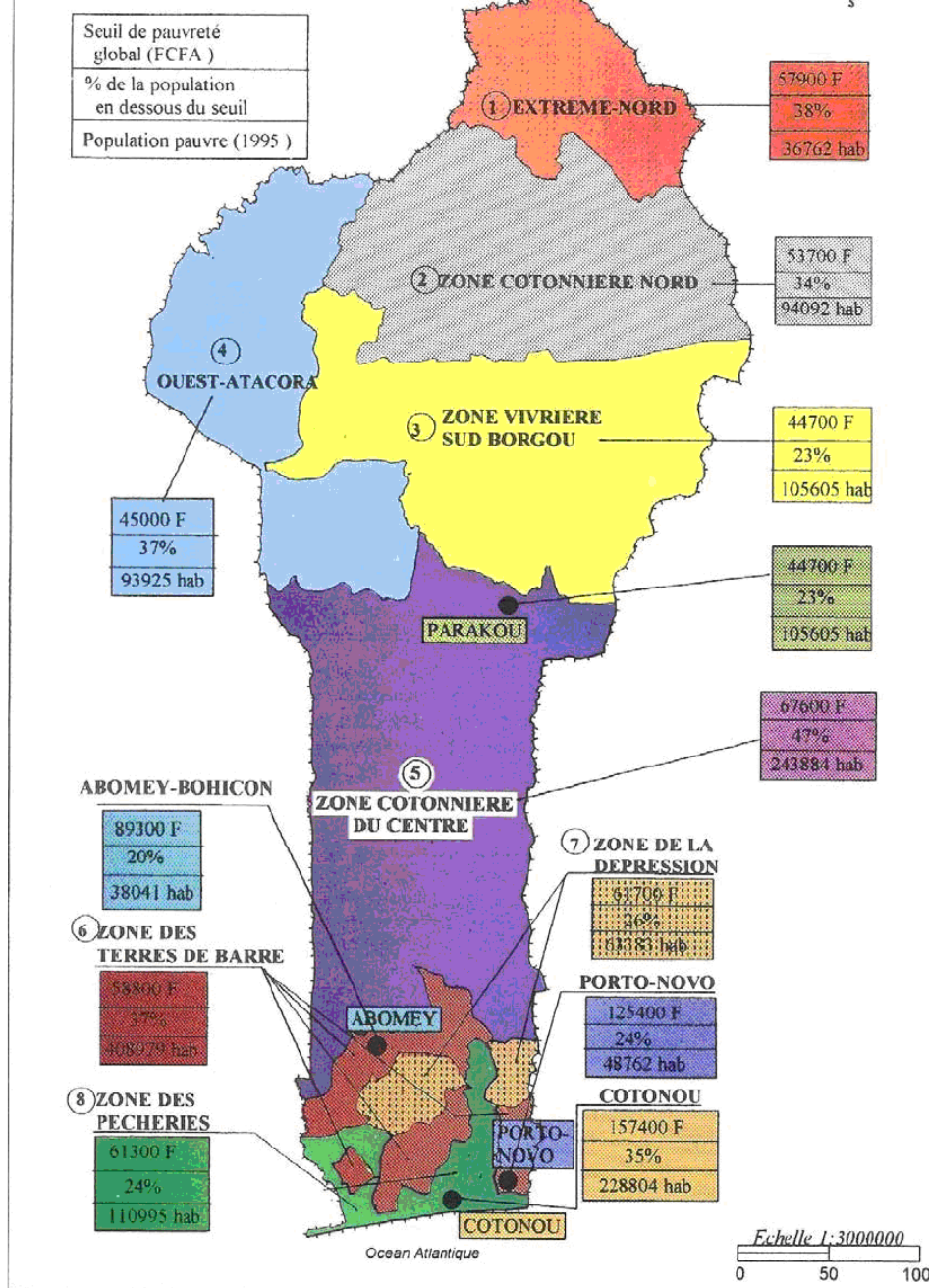
Benin's draft Third National Communication (TNC) on Climate Change² outlines how the climate is changing, and how these changes are affecting lifestyles and production methods. The excerpt below provides a summary of the situation across all eight agroecological zones in Benin:

"[...] the main weather- and climate-related phenomena observed in the period 1980–2015 include heavy rainfall, prolonged droughts, high temperatures, strong winds, haze and dust storms. The observed impacts include plant and animal biodiversity loss, as well as lost harvests due to flooding, prolonged drought and other extreme weather phenomena. Rising temperatures and lower rainfall have resulted in the emergence of several parasitic diseases in cattle. Fodder crop cover has shrunk dramatically. Higher temperatures and scarcer rainfall pose a threat to fisheries and aquaculture. Warming is causing air and water temperatures to vary, thereby altering the distribution and abundance of fish stocks. Shifting farming seasons, declining agricultural yields, lost harvests, disruption to fisheries and fish-farming yields, the growing scarcity of grazing land, and the wider deterioration of socio-economic infrastructure all point to just how sensitive the agricultural sector is to climate change, and to the vulnerability of populations. Some evidence of sensitivity to climate change has been observed across all aspects of the sector (livelihoods, public services, ecosystem services, access to economic activities and public services, access to basic resources, etc.)."

¹ Law no. 2018-18 on climate change in the Republic of Benin.

² Évaluation de la vulnérabilité et de l'adaptation au changement climatique dans le secteur agriculture [Evaluation of vulnerability and climate change adaptation in the agricultural sector], August 2018.

CARTE : Répartition par zone agro-écologique et par ville



Map 1: Map of agroecological zones in Benin, source: Benin's draft TNC on Climate Change.

Benin's draft TNC³ also highlights the health- and environment-related findings of the Baseline Analysis and Needs Estimation (ASEB) report:

- "The major natural risks facing Benin are flooding, rising sea levels, drought and soil erosion.
- The human activities behind these risks are manufacturing, handicrafts, urbanization, transport, management of waste, wastewater and excreta, management of chemicals,

³ Benin's draft TNC on Climate Change. Évaluation de la vulnérabilité et de l'adaptation au changement climatique dans le secteur santé [Evaluation of vulnerability and climate change adaptation in the health sector], August 2018.

hospital activities, information and communications technology (ICT), leisure activities (especially in urban areas), mining, agriculture and fisheries. These activities pollute the air, soil, plants, food and water (inland and marine), generate wastewater and waste (household, biomedical, industrial, electronic, toxic, etc.) and promote the growth and spread of disease vectors. Some activities are even causing species loss and significantly increasing the risk of flooding, coastal erosion, desertification and climate change.

The ASEB defines Benin's priority needs as follows:

- Combat flooding, coastal erosion and pollution identified as environmental risk factors to health and ecosystem integrity.
- Draft, pass and strictly enforce health and environmental protection laws.
- Agree on priority measures across all national development strategies, within the health, environment and other sectors.
- Build on and formalize existing cross-sector collaboration arrangements, to strengthen human resources in number and quality, with the support of research communities.
- Ensure a balanced allocation of financial resources between disease control programmes and environmental protection, hygiene and sanitation programmes."

The report also states as follows: "The major climate hazards observed across all 34 health zones in Benin include extreme weather events (flooding, drought, heavy rainfall, heatwaves, strong winds and dust storms) and longer-term climate trends (rising temperatures, late-arriving rains and rising sea levels). Social groups, health services, livelihoods and basic resources are especially exposed to these risks. The following diseases are particularly susceptible to environmental and climate-related conditions in Benin in terms of prevalence and severity: malaria, acute respiratory infections, diarrhoeal diseases, typhoid fever and severe acute malnutrition."

The LoCAL approach, which allows for the inclusion of these analyses and local data (territorial, meteorological) in a risk and vulnerability assessment tool, enables local governments (or communes in Benin) to prioritize their investments, to ensure consistency between their development plans and annual climate change adaptation investment programmes, and to maintain alignment with sectoral policies (with the support of deconcentrated departments and FADeC financing, including the climate change window)."

3.1 Government commitment and national climate change planning

Thanks to growing awareness of climate change, Benin has responded to the challenges by developing and adopting a number of policies, strategies and programmes since the launch of LoCAL Phase I (see box 5). Chiefs among these are:

- The **Stratégie Nationale de Renforcement des Ressources Humaines**, de l'Apprentissage et du Développement des Compétences⁴ pour Favoriser un Développement Vert, Faible en Émissions et Résilient aux Changements Climatiques [National Strategy for Strengthening Human Resources, Learning and Skills Development to Foster Green, Low-Emissions and Climate-Resilient Development] (2013).
- The **2015 Paris Agreement**, which Benin has ratified. In its first Nationally Determined Contribution (NDC), the country set the following key targets:
 - **Mastering vulnerability assessment tools and decision-support tools to integrate adaptation to climate change into the instruments of planning and management of national and regional institutions.**
 - Building adaptive capacity to climate change in all socio-economic sectors (generation of employment, incomes, etc.).
 - **Mobilizing the required financial resources for financing climate change adaptation.**

⁴ https://www.unclearn.org/sites/default/files/benin_national_strategy_final.pdf

- The **Stratégie de Développement à Faible Intensité de Carbone** et Résilient aux Changements Climatiques [Low-Carbon Climate-Resilient Development Strategy] (2016-2021).
 - The Government of Benin's **PAG 2016–2021**, which builds on the 2030 Agenda for Sustainable Development and the decisions set out in the Paris Agreement. The PAG outlines a series of actions and reforms to “reboot Benin’s economic and social development on a sustainable footing”, including **designing and applying adaptation, mitigation and disaster-management measures by continuing implementation of the NAPA**, supporting the development of renewable energy, running forest conservation, reforestation and greening programmes at the communal level, combating coastal erosion, implementing a climate-smart agriculture strategy, and promoting sound and sustainable natural-resource and forest management practices.
- The climate change vulnerability assessment highlighted:

 - the six main climate risks facing the country (drought, heavy and late rains, flooding, strong winds, high temperatures and rising sea levels)
 - the resources most exposed to these risks (drainage basins, including watershed or catchment areas, subsistence farming and water resources)
 - the social groups most exposed to these risks (smallholders, horticulture farmers, and new farmers and fishers)
 - the most vulnerable sectors (agriculture, water resources and forestry)
 - the four most vulnerable zones: the Far North of Benin, Western Benin (Atakora and northern Donga), the Central cotton-producing zone, and the Fisheries zone.

Sources: NAPA and Second National Communication on Climate Change
- The **Plan National de Développement [National Development Plan – PND] 2018–2025** (published in January 2019), which sets a goal of *achieving sustained, inclusive and sustainable growth of at least 10 per cent in 2025, primarily through the development of agro-industry, services and tourism, within a more effective national and local governance framework with an emphasis on human capital and infrastructure*. The PND focuses on the following themes: (i) human capital and social well-being, (ii) economic productivity and competitiveness, (iii) **environment, climate change and local development**, and (iv) governance.
 - The **Programme de Croissance pour le Développement Durable [Programme for Growth and Sustainable Development – PC2D]**, which serves as the short- and medium-term operationalization document for the PND, covering the period 2018–2021.
 - The 2018 **Climate Change Law**,⁵ which aims to “[...] combat climate change and its negative effects and consequences and increase community resilience”. The law, which is aligned with Benin’s national climate change policy, sets, among other things:
 - the **essential features and characteristics of national programmes and communal plans relating to climate change**;
 - the **obligations and commitments of central government and local governments on climate change, including those relating to education, training, communication, adaptation and mitigation**;
 - the institutional framework for oversight, information management, modelling and resource mobilization.

According to the Law, all development strategies and programmes – both national and local – must now include climate change adaptation, mitigation, capacity-building and technology-related measures and actions.

Benin has also created a Commission de Modélisation des Impacts Économiques du Climat et de l’Intégration des Changements Climatiques dans le Budget Général de l’État [Commission of Economic Modelling of Climate Impacts and Incorporation of Climate Change into the General State Budget – CMEICB]. This commission is now operational.

Taken together, the country’s climate strategy documents have the following overall aims:

⁵ Law no. 2018-18 on climate change, adopted on 18 June 2018.

- (i) To integrate climate issues into Benin's strategic sectoral operational plans, so that they may be low-carbon and more climate-resilient for its sustainable development.
 - (ii) To provide Benin with a sustainable human resource base to address climate change.
- The NAP for climate change is currently being developed. At present, implementation of the 2008 NAPA, coupled with progress achieved under United Nations Development Programme (UNDP) and German Agency for International Cooperation (GIZ) programmes – including the *Projet d'Appui Scientifique aux processus de Plans Nationaux d'Adaptation dans les pays francophones les moins avancés d'Afrique subsaharienne* [Support Project for Science-based National Adaptation Planning in Francophone Sub-Sahara African Least Developed Countries – PAS-PNA]⁶ – have provided a clearer picture of climate change vulnerability in some agroecological zones. Moreover, Benin has been able to translate these general programmes into sector-specific initiatives (for agriculture, water and health) and identify five priority measures:
 1. Agriculture and food security
 2. Energy
 3. Water
 4. Health
 5. Coastal erosion

With support from UNDP and GIZ, Benin has completed vulnerability assessments for priorities 1–3 and implemented a number of projects funded by the Global Environment Facility (GEF). The country has learned lessons from these exercises, particularly in terms of adaptation options (already included in the LoCAL Menu). Existing coordinated vulnerability assessments give a picture of the relative vulnerability of different agro-climatic regions and communes.

Box 1: Key adaptive targets in Benin's first NDC under the Paris Agreement⁷

Sectors	Key adaptive targets
All sectors – By 2020–2030	<ol style="list-style-type: none"> 1. Mastering vulnerability assessment tools and decision-support tools to integrate adaptation to climate change into national and regional planning instruments. 2. Building adaptive capacity to climate change in all sectors. 3. Mobilizing the required financial resources for financing climate change adaptation.
Agriculture By 2020	<ol style="list-style-type: none"> 1. Ensuring diversification and promotion of high value-added agricultural value chains, as well as modernizing resilient farm infrastructures. 2. Promoting suitable systems of agricultural production resilient and adapted to climate change (climate-smart agriculture). 3. Defining new agricultural calendars adapted to a changing climate.
By 2025	<ol style="list-style-type: none"> 4. Improving Benin's agricultural performance to achieve the Sustainable Development Goals (SDGs), and in particular SDGs 1, 2, 12, and 13.
Water – By 2020	<ol style="list-style-type: none"> 1. Ensuring universal access to safe drinking water to all Beninese citizens. 2. Reinforcing water availability in poor areas with the populations' adaptation to climate change in view. 3. Promoting water conservation.
By 2030	<ol style="list-style-type: none"> 4. Reducing the vulnerability of natural and human systems to water stresses, floods and degradation of water quality. 5. Enhancing knowledge regarding the climatic system and the tools for generation of climate and water-related information and forecasting of weather conditions. 6. Promoting integrated water management.
Forestry – By 2020	<ol style="list-style-type: none"> 1. Promoting intensive reforestation throughout the country using incentive measures. 2. Promoting sustainable management of public and community forest areas.

⁶ Project funded by the German government and implemented by GIZ and Climate Analytics.

⁷ Benin's First Nationally Determined Contribution under Paris Agreement, Final Version, MCVDD, UNEP, undated

By 2030	<ol style="list-style-type: none"> 3. Adapting the forest sector's legislative and regulatory framework to the climate change context. 4. Updating the national forest inventory. 5. Reducing communities' vulnerability to the degradation of forest ecosystems. 6. Promoting agroforestry. 7. Developing mangrove ecosystems.
Shoreline – By 2020 By 2030	<ol style="list-style-type: none"> 1. Ensuring the protection of the shoreline against the risk of sea-level rise, which can exacerbate the phenomenon of coastal erosion. 2. Cleaning up the banks of lakes and lagoons located in the vicinity of the shoreline. 3. Reducing the vulnerability of human settlements and resources located in the coastal area to sea-level rise. 4. Ensuring ongoing protection of marine and lagoon ecosystems.

Scaling up the LoCAL initiative nationwide is one of the adaptation measures set out in Benin's NDCs.⁸

4. Decentralization in Benin

Benin has a decentralized administrative structure, with the communes acting as the local democratic entities.⁹ The decentralization process began in the 1990s. A new legal and administrative framework was subsequently established in 1999-2001 (Art. 93 to 96 of Act no. 97-029 of 15 January 1999 on the organization of communes in the Republic of Benin).

The communes are standalone legal entities with financial independence. They are the only decentralized entities and are invested with three different forms of power: devolved, shared and delegated. Each commune has an elected council (known as a “communal council” for ordinary communes and a “municipal council” for certain communes with special status). The council elects the mayor and deputy mayors. The mayor is both the head of the communal executive and the representative of the State in the commune's territory.

The Politique Nationale de Décentralisation et de Déconcentration [National Decentralization and Devolution Policy – PONADEC] was developed in 2009, setting out a 10-year vision. As of 2019, the policy is currently being revised with the support of technical and financial partners (TFPs), including the European Union (EU) and KfW Development Bank. This process should lead to the review and amendment of decentralization and devolution laws, and to the establishment of a new agency: the Agence pour le Développement de l'Agriculture, l'Approvisionnement en Eau et les Infrastructures Scolaires [Agency for Agricultural Development, Water Supply and School Infrastructure].

Objectives of the PONADEC

General objective: Create the institutional and organizational conditions necessary for balanced and sustainable local development based on concerted local governance and optimization of the potential of local governments to energize grassroots development.

Specific objectives:

- Implement a harmonious and balanced land-use planning policy, incorporating the entire national territory, to achieve sustainable and equitable development.
- Ensure the implementation of the principles of territorial good governance through modern and efficient administration.
- Reduce poverty by improving access to basic services and optimizing the economic potential of the communes.

⁸ MCVDD, Direction Générale de l'Environnement et du Climat [General Directorate for the Environment and Climate – DGEC], *Benin's First Nationally Determined Contribution under Paris Agreement*, p. 38

⁹ Art. 2 of the law on the organization of communes in the Republic of Benin states as follows: “[...] the commune is the institutional framework for grassroots democracy. It is the expression of decentralization and the forum through which citizens participate in the management of local public affairs” (Art. 2, Law no. 97-029).

As a result of the PONADEC, Benin's local governance arrangements emphasize strong linkages between decentralization, devolution and land-use planning, with the aim of **“turning local governments into forums for grassroots development, good governance and sustainable local development through a decentralized unitary State that ensures harmonious development of the national territory”**.

Responsibility for overseeing the PONADEC rests with a specially convened committee of representatives of key ministries and TFPs. The policy has an updated funding plan, and is monitored and evaluated by way of an indicator matrix.

Aside from laws, decrees and ministerial orders, the key instrument of the PONADEC is the FADeC, which is led by the Commission Nationale des Finances Locales [National Commission for Local Finance – CONAFIL] and managed by SP-CONAFIL. FADeC financing covers communal development plans, transfer of competences to the communes, and the anchoring of these plans in sectoral policies.

The evaluation of the Swiss Agency for Development and Cooperation (SDC) contribution to the FADeC, ongoing work on a forthcoming KfW Development Bank support programme, and a review of performance indicators for the disbursement of EU budget support have all revealed **a number of persistent challenges around financial decentralization, which will require ongoing support and dialogue at the central and communal levels, as well as with devolved government departments**.

The key areas for improvement are as follows:

1. Shorten the amount of time taken to transfer resources from the FADeC to the communes.
2. Improve the predictability of resources for communal planning and budgeting (national budget execution rate of 52.05 per cent in 2017).
3. Integrate climate change, as well as environmental and social (especially employment) standards.
4. Continue building the capacities of the communes (especially those receiving FADeC financing), particularly in terms of planning, use of decision-support tools, and asset management and maintenance.
5. Strengthen advisory and support services for the communes (led by the Prefect) and build communal accounting capacities.
6. Steadily integrate control standards into FADeC performance criteria, and make performance a more prominent factor in the distribution of non-allocated FADeC resources.
7. Move towards self-financing of investments and increase own resources.
8. Continue political dialogue to increase the rate of resource transfer to the communes (3.84 per cent in 2016) to the community-wide target of 15–20 per cent set by the West African Economic and Monetary Union (UEMOA).

4.1. Local government funding

CONAFIL¹⁰ is mandated to define, shape and implement the government's local finance policy and strategy. SP-CONAFIL serves as the commission's executive body, with responsibility for technical management of the FADeC.

The FADeC is a national mechanism set up to finance communal development and promote the local economy. It does so by:

¹⁰ Created by decree no. 274-2008 of 19 May 2008, and restructured to act as a dialogue, coordination and decision-making body for local finance. CONAFIL has equal representation from central government and the communes. Of its 18 members, 9 are representatives of central government, from three ministries: the Ministère de l'Economie et des Finances [Ministry of the Economy and Finance – MEF], the Ministère du Développement, de l'Analyse Économique et de la Prospective [Ministry of Development, Economic Analysis and Planning] and the Ministère de la Décentralisation et de la Gouvernance Locale [Ministry for Decentralization and Local Governance – MDGL]. The other nine members are mayors, representing the Association Nationale des Communes du Bénin [National Association of Communes of Benin – ANCB] and the Associations Interdépartementales des Maires [Interdepartmental Associations of Mayors].

- mobilizing resources for the development of communes and inter-communal entities
- transferring the additional resources the communes need to exercise their powers
- applying an equalization system to redress imbalances between communes
- financing communal institutional capacity-building measures
- harmonizing communal financing procedures.

The communal authorities enjoy financial and management independence (free-will principle).

Contributions to the FADeC come from the government and TFPs. These resources – from national resources and TFPs – appear in separate, non-fungible budget lines in the general State budget. A distinction is made between investment allocations (allocated and non-allocated resources) and operating allocations.

The main external donors to the FADeC are as follows:

1. SDC: contributes to the FADeC (€4 million over three years, ending in 2019, new programming in progress), assists with support to the 14 target communes in Borgou (UNCDF Financial Inclusion Practice Area (FIPA)) and Alibori (a number of LoCAL communes), provides operating support to SP-CONAFIL.
2. KfW Development Bank: contributes to the FADeC (€10 million in budget support over two years, ending in 2020, new agreement being drafted), requires the integration of environment and climate change aspects.
3. World Bank: contributes to the FADeC through the Appui aux Communes et Communautés pour l'Expansion des Services Sociaux [Community and Local Government Basic Social Services – ACCESS] project (US\$40 million in budget support over four years, ending in 2022).
4. EU: Programme d'Appui au Développement Territorial [Territorial Development Support Programme] (€60 million in budget support over four years, ending in 2021).

4.2. Communal planning and budgeting

Each commune prepares a Plan de Développement Communal [Communal Development Plan – PDC] based on the national PDC methodological guidelines, which now includes climate change aspects.

The methodological guidelines for preparing PDCs¹¹ includes climate aspects at every stage of the communal planning and programming cycle, and communes are required to give due consideration to climate change, including vulnerability.

The inclusion of climate change in local planning processes is a response to the context of vulnerability and a clear statement of intent from both the government and local governments, as indicated in Benin's NDC (measure 5: Strengthen local governance of climate change adaptation finance) and in the PAG 2016–2021, which aims to transfer responsibility for balanced and sustainable development of the national territory to the communes. The NAP for climate change, which is currently being developed, will establish a strategic and operational framework for climate change adaptation to make efforts in this area more consistent.

“The environment and natural resource management are integral parts of the communal development planning process. [...] Art. 84 to 107 of law no. 97-029 of 15 January 1999 sets out the seven (7) areas of responsibility devolved to the communes. Environmental quality is mentioned both as a standalone sector (third area of responsibility, in which the commune exercises its powers in accordance with relevant sectoral strategies and national laws and standards, Art. 108), and as a cross-cutting aspect that communes must consider when exercising their powers across all areas of responsibility pursuant to Art. 3 and 21 of the framework environmental law. That is why this updated guide emphasizes the need for communes to consider the environment in its broadest sense – and the effects of climate change and sustainable management of natural resources in particular – as both a standalone sector and a cross-cutting aspect at every stage of the communal development planning process.”

Guide d'Elaboration du Plan de Developpement Communal [Communal Development Plan Preparation Guide], section 1.3.

The Programme de Croissance pour le Développement Durable [Program for sustainable Growth and Development - C2D] was developed in a participatory and inclusive manner, with input from all stakeholders. The government also held technical workshops to help the communes integrate the SDGs into local development planning documents (PDCs and Programmes Annuels d'Investissement [Annual Investment Programmes – PAIs]). The evaluation exercise revealed that the third generation PDCs were closely aligned with the priority targets.¹² The communes will prepare a new generation of PDCs, including climate change adaptation, for 2021–2025.

Investments eligible for FADeC financing are determined according to the competences devolved to the communes, and cover a wide range of development activities. This approach enables the communes to integrate climate change adaptation into their PDCs and, in doing so, to implement the measures set out in the climate change law (see Annex 3 of the Manuel de Procédures du FADeC [FADeC Procedures Manual], 2016).

Communes receive two types of allocation: operating allocations and investment allocations. The investment allocations are subdivided into two types:

- “Non-conditional FADeC”: communes can use these resources for investments mentioned in their PDC or other local planning documents, according to the priorities set by their elected body and in line with their devolved powers. The non-allocated FADeC receives TFP contributions according to specific criteria, and is made up of two components:
 1. A basic allocation, which is identical for all communes (15 per cent, no equalization). The value of the basic allocation is set by CONAFIL, which considers the government allocation as a whole and sets the percentage at a level that gives every commune an adequate minimum allocation.
 2. An equalization allocation (85 per cent), calculated according to the population of each commune. This allocation is set in accordance with the equalization criteria set out in the FADeC Procedures Manual (poverty, population size and surface area), plus the commune's performance as determined by FADeC audits (again, applying the criteria in the FADeC Procedures Manual). The data are obtained from three sources:

¹¹ The full guide, in French only, can be downloaded here: https://www.ancb-benin.org/Document_pdf/Guide_PDC

¹² Source: Contribution Nationale Volontaire à la mise en œuvre des ODD au forum politique de haut niveau New-York, Juillet 2018 [Voluntary National Contribution to the Implementation of the SDGs at the High Level Political Forum New York, July 2018]: <https://sustainabledevelopment.un.org/content/documents/15901Benin.pdf>

the Institut National des Statistiques et de l'Analyse Économique [National Institute of Statistics and Economic Analysis – INSAE] for population size and poverty, the Institut Géographique National [National Geographical Institute – IGN] for surface area, and CONAFIL for audit reports. CONAFIL reviews the relative weightings of the components of the equalization formula each year. The current weightings are as follows: 21 per cent for the commune's performance score, 14.65 per cent for surface area, and 32.18 per cent each for population size and poverty. The performance score weighting is set to increase by 2 percentage points every two years (currently 21 per cent for 2019 and 2020), up to a maximum of 35 per cent.

- "Conditional FADeC": these resources are linked to the competences devolved to the communes from line ministries, and can only be used for predetermined purposes as decided by the ministry transferring the resources.

4.2.1 Budget implementation, accounting and accountability

Communal budgeting is governed by a set of rules. Compliance with these rules is examined as part of annual FADeC audits. Communes are required to have their budgets approved by the Prefect, and to present administrative accounts reconciled with the management accounts prepared by tax collectors (public accountants). Accountability is achieved through the publication of accounts, annual reports and FADeC audits, which assess the communes' performance.

4.2.2 Communal oversight and support

Each commune's performance is rated against a set of objective indicators (as listed in the table in Annex 2 of the FADeC Procedures Manual, 2016). Scores are awarded by auditors from the Inspection Générale des Finances [General Inspectorate of Finance – IGF] and the Inspection Générale des Affaires Administratives [General Inspectorate of Administrative Affairs – IGAA]. In 2018, the audit covered 114 separate items relating to management standards and best practice. The number of items increases each year to raise management standards at the communal level. CONAFIL can, at its discretion, modify the performance criteria used to calculate the overall score, which is published – for every commune – on its website (www.conafil.org).

Performance is currently measured against the following criteria:

1. operation of Communal Council and Commissions and their administration
2. procurement procedures and contract performance
3. traceability and reporting
4. evaluation of local finances.

For each area, the auditors use a number of specific, predefined indicators: data, source (document), time frame or period, and rating method. The maximum score per indicator reflects the indicator's relative weighting in the commune's overall performance score.

Table 1: FADeC performance indicators¹³ and relative weightings. Source: FADeC Procedures Manual

A - Operation of communal bodies and administration of entities under the commune's control (25/100)	
Number of communal council sessions	2
Non-operation of permanent committees	3
Number of mayor's activity reports submitted to the communal council	5
Timeliness of budget vote	3
Timeliness of administrative account vote	2
Effective coordination of local services by the Secretary General	5
Effective archiving and document management system in place	5

¹³ Annex II lists the old criteria and the current criteria, for comparison purposes.

B - Procurement procedures and contract performance (30/100)	
Operation of contract award and oversight bodies	10
Compliance with procurement procedures	20
C - Traceability and reporting (15/100)	
Availability of quarterly and monthly financial implementation and task completion reports for transferred resources	10
Up-to-date record-keeping by the authorizing officer	5
D - Evaluation of local finances (30/100)	
Change in own revenues	10
Share of transferred resources used	5
Cash flow	5
Infrastructure maintenance expenditures	10

5. Institutional framework: key stakeholders

- The MCVDD, via DGEC, leads and coordinates the integration of climate change adaptation and mitigation into sectoral policies. DGEC, as Benin's NDA, also coordinates funding requests under the GCF Readiness and Preparatory Support Programme (Readiness Programme), as well as GCF accreditation applications. MCVDD will continue to chair the LoCAL Benin Technical Steering Committee, and DGEC will coordinate efforts by line ministries to integrate climate change adaptation into local government planning (see box 1).

Box 1: Excerpt from Benin's first NDC, 2015

The emergency of climate issues requires a global response approach backed in particular by the Ministry of the Environment and Sustainable Development (MCVDD).

The chief institutions involved in the fight against climate change within this ministry are:

- The General Directorate for the Environment and Climate (DGEC), which is tasked with designing and ensuring the implementation and monitoring and evaluation of the policy and strategies of the government as regards the management of the effects of climate change and the promotion of an environment-friendly economy.
- The National Fund for the Environment and Climate (FNEC).
- Benin's Agency for the Environment and Climate (ABEC).

Climate issues are handled by the MCVDD in partnership with the other sectoral ministries, local governments, the private sector and civil society organizations, with the support of technical and financial partners.

These institutions are involved individually or collectively through:

- the National Climate Change Committee (NCCC)
- the Commission of Economic Modelling of Climate Impacts and Incorporation of Climate Change into the General State Budget (CMEICB)
- the national system of GHG inventory, etc.

The measurement, reporting and verification system is currently being developed at the national level as part of the First Updated Biennial Report Development Project.

- FNEC is a financially independent legal entity under the authority of MCVDD. It is currently governed by decree no. 2017-128 of 25 February 2017 approving the creation of the National Fund for the Environment and Climate.

FNEC is responsible for:

- mobilizing government grants, ecotax revenue and fines levied on environmental polluters, as well as other domestic resources
- mobilizing external resources for environmental conservation and sustainable management, and climate change, particularly through financial mechanisms under international environment and climate agreements
- supporting projects and programmes in the following areas: environmental conservation, climate change, and improving living conditions for the country's population
- monitoring and evaluating the implementation of funded projects and their impact on the environment and the population
- building the institutional and operational capacities of national partners in environmental management and climate change
- promoting sustainable natural resource management practices.

FNEC is Benin's leading green finance mobilization mechanism. Since its creation in 2005, it has supported projects and programmes in environmental conservation, and climate change adaptation and mitigation. It was partly on the strength of this expertise that FNEC was accredited as the National Implementing Agency for Adaptation Fund (AF) projects in 2011, and that it obtained GCF accreditation in 2019. FNEC's world-class reputation has attracted support from leading TFPs including GIZ, the United Nations Environment Programme (UNEP), UNDP, the AF and the GCF.

Recognizing this renewed interest and the many environmental and climate-related challenges to be addressed, FNEC enacted a paradigm shift, switching its focus to mobilizing vast resources to finance projects with the potential to make a lasting impact on the living conditions of the country's population.

In its pursuit of this objective, FNEC has undergone a series of evaluations since 2012, looking not only at how the fund operates in general, but also at how its project financing mechanism works in particular. Today, FNEC is Benin's leading green finance mobilization mechanism, spearheading efforts to repair environmental damage, and financing and supporting environment and climate-related projects and programmes, and initiatives to improve the living conditions of the population.

As the National Implementing Entity (NIE) for GCF projects in Benin, FNEC will be responsible for mobilizing finance and monitoring fund implementation – a task that requires it to track achievement and outcome indicators by collecting commune performance data from CONAFIL and other relevant institutions.

- SP-CONAFIL: CONAFIL and SP-CONAFIL now play a key role in transferring, monitoring and auditing grants. SP-CONAFIL transfers funds to the communes, thereby fulfilling a vital role in ensuring effective decentralization and transferring competences to the communal level. SP-CONAFIL shares audit results with the LoCAL Technical Steering Committee, as well as details of any adjustments to the FADeC rules and criteria (performance weighting or equalization). For the purposes of GCF, CONAFIL is the promoter of the LoCAL initiative.
- Development Partners (DPs): DPs provide occasional support to the communes, as well as supporting implementation of the PONADEC. The Groupe Technique Décentralisation, Déconcentration et Aménagement du Territoire [Technical Group on Decentralization, Devolution and Land-Use Planning – GT2DAT], chaired by the Minister for Decentralization, acts as the forum for sectoral dialogue. UNCDF's involvement in GT2DAT will provide an opportunity to share lessons learned from past LoCAL implementation. With their experience and intervention capacities, these partners could be called on to assist with specific activities as the LoCAL initiative is deployed in all 77 communes in Benin.

- Communes: the communes sit at the centre of the LoCAL mechanism. Supported by FADeC transfers and PBCRGs, they act as project managers, with responsibility for planning, budgeting, executing and reporting. The communes track achievement and outcome indicators for adaptation investments, reporting their progress as part of the annual monitoring exercise ahead of the Annual Performance Assessment (APA) and for completion of the Assessing Climate Change Adaptation Framework (ACCAF). The communes are required to meet certain standards, follow guides such as the PDC preparation guide and align with sectoral policies and master plans. The outcomes of the LoCAL pilot and other local capacity-building initiatives show that significant progress can be made as long as the support provided is aligned with the local situation and needs. To achieve this, the communes require both on-site support and practical analysis and planning tools.
- The LoCAL Technical Steering Committee is responsible for ensuring that the communes, the Commune Support Teams and line ministries are engaged in efforts to integrate climate change adaptation into sectoral policies at the national level, and at the departmental level (with support from the Commune Support Teams), and for mobilizing technical assistance via UNCDF. The committee launches and approves the APAs and approves the performance scores. In its day-to-day work, the committee is assisted by a National Coordinator, who coordinates the activities of SP-CONAFIL, the Commune Support Teams, UNCDF and Météo Bénin. DGEC currently fulfils this coordination role. The National Coordinator is responsible for day-to-day management, coordination and reporting duties, and reports to the Technical Steering Committee. In future, the committee may assign these duties to an FNEC assistant.
- The Commune Support Teams carry out routine tasks on behalf of the committee and its members at the local level. The PONADEC sets out measures for decentralization by devolution. The LoCAL initiative will support these efforts by providing advice and assistance to the communes. The relevant means and resources are set out in the Programmes Annuels d'Assistance-Conseil [Annual Advice and Assistance Programmes – PAACs], which are managed by the prefectures. Details of LoCAL support will be included in these documents, outlining the advice and assistance services available from the prefecture and devolved government departments.
- Contracted service providers: some stakeholders (such as consulting firms, service providers and contractors) are at least partially familiar with the relevant aspects due to their experience with past and ongoing initiatives. These service providers will be called upon to perform technical tasks, such as providing local technical support.
- Météo Bénin: Météo Bénin, the country's national meteorological service, will collect and process data that will be used by the communes.

6. Changes for LoCAL Phase II

6.1. Policy changes since Phase I

Benin was an active participant in the COP 21 conference, and the country's climate change law stems from implementation of the Paris Agreement.¹⁴ The next task is to draft and enact (programmed) implementing decrees. Line ministries have already begun to factor environmental issues into their thinking. In due course, this is expected to feed into sectoral policies and funding plans (especially in terms of costings), and should be reflected in how ministries distribute "allocated" FADeC funds at the local level. The climate-focused *Revue des Dépenses Publiques* [Public Expenditure Review – RDP] exercise will help ministries channel resources towards adaptation and mitigation measures.

Climate change is included in the Document de Programmation Économique et Budgétaire [Annual Economic and Budget Framework – DPEB]. As a result of the climate-focused public expenditure review (PER) exercise, climate change adaptation now features in the PND. The Direction Générale du Budget [General Directorate for the Budget] is fully engaged in efforts to better integrate climate change responses into the budget.

The Plan d’Affaire Climat [Climate Business Plan], which echoes the content of Benin’s NDC, is designed to encourage greater consideration of climate change – and mitigation in particular – in the private sector. Benin is working on a number of NDC implementation projects. In 2015, the country also prepared a Low-Carbon Climate-Resilient Development Strategy, with support from the French Development Agency (AFD).

As regards local governments, the FADeC has grown since 2014 into a robust mechanism, supported by the government and DPs, with management systems (special Treasury account and accounting procedures) and a horizontal distribution arrangement for "non-conditional" and "conditional" resources (although the distribution indicators for "conditional" FADeC resources require further work). Regular FADeC audits, funded by the government (inspection phase) and supported by DPs (especially KfW Development Bank, preparatory phase), provide a guarantee of quality. There are three types of audit and inspection: annual performance audits of all communes, technical audits focusing on infrastructure quality and procurement procedures (based on the results of the annual audit, according to a technical audit plan prepared to specific standards), and enhanced verifications and inspections (based on the results of the annual audit, or where issues are reported). Penalties are applied, such as the dismissal of elected officials or the launch of criminal prosecutions. If the audit or verification reveals a contravention of the rules, the Autorité de Régulation des Marchés Publics [Public Procurement Regulatory Authority – ARMP] suspends the mayor from the expenditure chain, with a deputy mayor taking their place.

Technical cooperation between the government and DPs is effective. The Sous-groupe Finance Locale [Local Finance Sub-Group] (led jointly by SP-CONAFIL and GIZ) acts as a forum for ongoing dialogue and coordination on current and future FADeC arrangements, as well as the PONADEC and wider local government support mechanisms. The sub-group is a technical body that meets every two months. The Groupe Environnement et Changement Climatique [Environment and Climate Change Group] is led by MCVDD and UNDP. The Technical Group on Decentralization, Devolution and Land-Use Planning – GT2DAT (whose members include the MDGL Chief of Staff and a representative of the German Embassy, representing DPs) acts as the forum for strategic dialogue.

The PDC methodological guide has been revised and updated to reflect the lessons learned from FADeC audits and DPs support, with climate change, gender and youth featuring as cross-cutting themes in the guidance. The new version of the guide sets out a robust, easy-to-follow operational framework for communes to use to update their plans every two or three years. Although the guide contains tables summarizing climate change risks, vulnerabilities and response options, local governments need additional support – in the form of standardized risk and vulnerability

¹⁴ The law on climate change was prepared with the support of UNDP and with funding from the GCF Readiness Programme.

assessments and the menu of adaptation activities – to be able to fulfil their new requirement.

Benin has effectively mobilized GCF finance through the Readiness Programme on two occasions. The first tranche was used to set up the climate-focused PER exercise and to develop the climate change law, and to identify projects under the 2008 NAPA in the following areas:

1. Agriculture and food security
2. Energy
3. Water.

Note: the 2008 NAPA sets out measures in five areas: agriculture and food security, energy, water, health and coastal erosion.

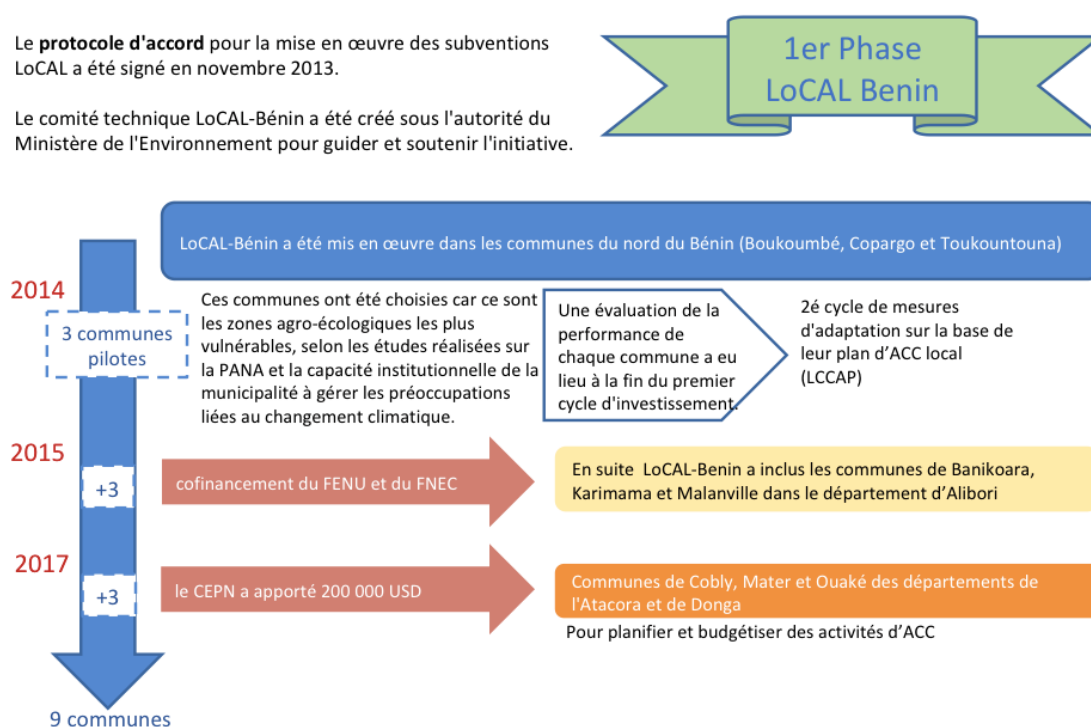
As a result of these GEF-funded projects, additional adaptation measures were put forward for inclusion in the LoCAL Menu of investments.

The second tranche of GCF Readiness Programme, which has just been launched, will be used to help MCVDD design Benin's NAP (with assistance from UNDP), and to support FNEC. The money will also fund vulnerability assessments in the eight zones identified in the 2008 NAPA. These assessments will supplement earlier research carried out by GIZ in the Ouémé basin (focusing on agriculture, water and health), and help to select relevant vulnerability criteria (used to determine priority communes under the LoCAL initiatives, as well as in FADeC decentralized climate finance allocation formulas).

6.2 Lessons learned from Phase I

The LoCAL initiative gained momentum in Benin in Phase I. It began with three communes in 2014,¹⁵ expanding to a further six communes in 2016 and 2017, bringing the total number to nine¹⁶.

Figure 1: History of the LoCAL initiative in Benin



¹⁵ Atakora Department: Boukoubé, Copargo and Toukountouna in northern Benin, with a total population of 195,068

¹⁶ Alibori Department: Malanville, Karimama and Banikoara in 2016, followed by Coby, Matéri and Ouaké in 2017

In Phase I, the initiative used the same financing circuit as the FADeC, with grants transferred to the communes via a special “LoCAL” account. The changes since preparation and implementation of Phase I are detailed below:

1. The Government of Benin included decentralized climate change adaptation finance in its COP 21 response, as one of the priority measures of its 2015 NDC (measure 5: Strengthen local governance of climate change adaptation finance).
2. In line with the recommendations of the Cabinet on 9 February 2017, a separate “climate change adaptation” window was created within the FADeC to help communes develop projects and finance adaptation measures set out in their PDCs and associated PAIs.

In Phase I, Benin piloted LoCAL in nine communes, each with different contexts. The aim of this exercise was to learn how these communes had integrated climate change adaptation into their planning and budgeting systems, and to ensure that adaptation investments were properly implemented.

Table 2: How LoCAL evolved in Phase I

Communes	First three communes (2014)		Three new communes (2016)		Three new communes (2017)	
	Boukoubé, Copargo and Toukountouna		Banikoara, Karimama and Malanville		Cobly, Matéri and Ouaké	
Source	LoCAL	Government	LoCAL	Government (FNEC)	LoCAL	Government (FNEC)
Grant	100%	0%	57%	43%	0%	100%
Budget (US\$)	105,000	0%	138,613	136,242	36,014	215,000
Technical assistance	UNCDF, UN Volunteers (UNV)	Commune Support Team	UNCDF, UN Volunteers (UNV)	Commune Support Team	UNCDF, UN Volunteers (UNV)	Commune Support Team
Evaluation	UNCDF + Consultant	National authorities	UNCDF + Consultant	National authorities	UNCDF + Consultant	National authorities

APA exercises¹⁷ took place in 2016 (for the 2014–2015 fiscal year) and in 2018 (for the 2016–2017 fiscal year). There was no performance review of 2015–2016 (see Table 3) because of limited investment implementation during this fiscal year. For each Annual Performance Assessment (APA) exercise, the reviewers used the annual FADeC audit reports produced by national inspection bodies.

Table 3: Availability of LoCAL Annual Performance Assessment reports

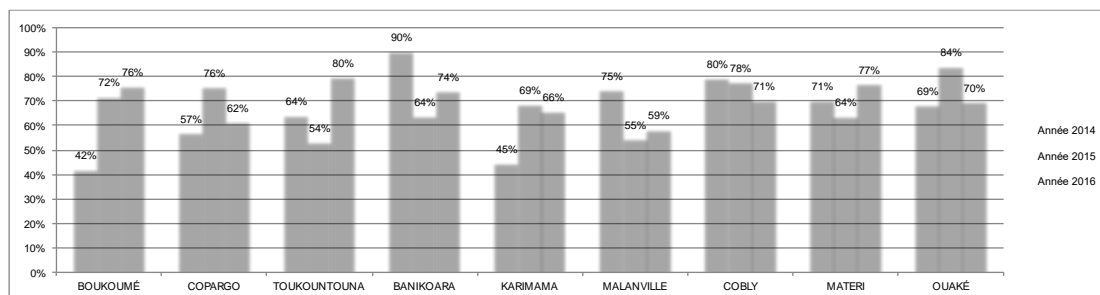
COMMUNE	YEAR 2014–2015	YEAR 2015–2016	YEAR 2016–2017
BOUKOUMÉ	✓	Not available	✓
COPARGO	✓	Not available	Not available
TOUKOUNTOUNA	✓	Not available	✓
BANIKOARA		Not available	✓
KARIMAMA		Not available	✓
MALANVILLE		Not available	✓
COBLY			Not available

¹⁷ The review teams comprise an external consultant, members of the UNCDF-LoCAL team, and the head of the FNEC programming, monitoring and evaluation department.

MATÉRI			Not available
OUAKÉ			Not available

Since the Annual Performance Assessments and FADeC audits are similar in scope, it may be possible to use the conclusions of FADeC audits (Figure 2) to determine whether the MCs for LoCAL Phase II are met.

Figure 2: FADeC audit scores for target communes: change over time



FADeC audits cover 114 separate items across four themes: operation of communal bodies and administration of entities under the commune's control, procurement procedures and contract performance, traceability and reporting, and evaluation of local finances. All of these themes are relevant to the LoCAL initiative since they relate to communal governance, including alignment between development plans and the budget (via the Plan Annuel d'Investissement – PAI [Annual Investment Plan] a compulsory document for the annual budget), and investment implementation capacity and quality. Generally speaking, the communes included in the LoCAL initiative have raised governance standards over time and, in 2016, all achieved scores above the overall average of 60 per cent.

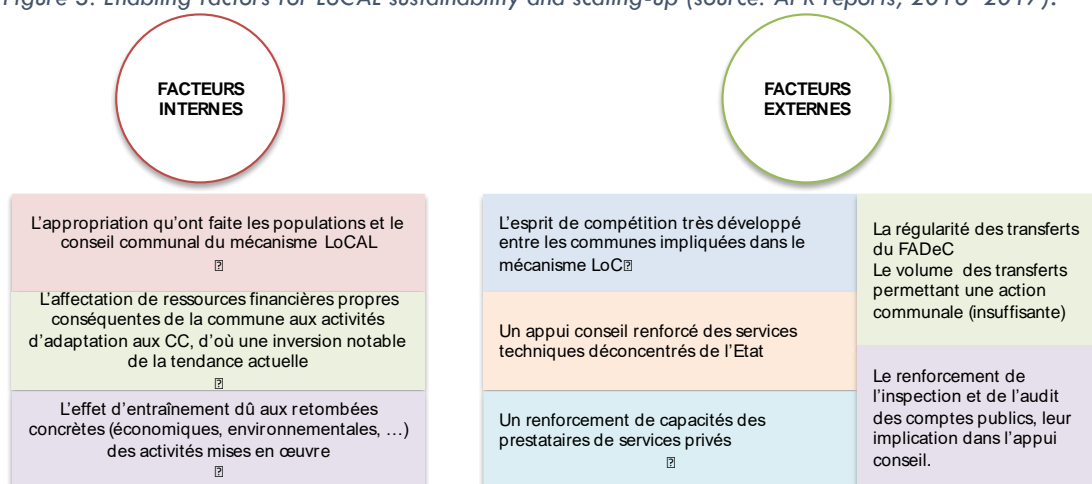
The following useful lessons have therefore been learned from Phase I:

- LoCAL, coupled with support from the Commune Support Teams and the recommendations of FADeC audits, has enhanced the technical and local public finance management capacities of the communes involved.
- The way the FADeC has evolved (experience, new manual, progress achieved by the communes) points to an appetite for climate change adaptation allocations that are additional to the other central government transfers to local governments. LoCAL is an effective way to target adaptation, with additional finance calculated according to FADeC allocations.
- Since climate change has cross-cutting impacts across multiple sectors, local governments should be able to select investments from the LoCAL menu of eligible investments that address the priority sectors and activities outlined in their development plans. Most of the adaptation measures implemented under Phase I focused on water management in agriculture and/or transport (mobilizing water resources for market gardening, construction of crossings, etc.) and on adaptive agriculture (e.g. short-cycle seeds).
- All stakeholders agree on the objectives for climate change adaptation and resilience-building for vulnerable and at-risk populations, and these objectives are consistent with national policies. Moreover, LoCAL has clearly demonstrated its potential to mobilize other partners.
- Channelling additional resources to the communes via the existing national decentralization financing circuit (FADeC) would help to strengthen ownership of the LoCAL mechanism by all stakeholders (at the local and national levels). Based on their priorities, the communes prepare a PAI including details of proposed investments so they can be accurately monitored, as well

as sourcing goods and services from suppliers via a procurement procedure. This approach also encourages co-financing from the communes themselves.

- The APAs have provided important insights into capacity gaps in climate change adaptation and local public financial management, and have spurred efforts in this direction, but stakeholders have described the review process as somewhat “cumbersome” (the methodology has been revised to remove redundancies, but requires further improvement).
- However, there is evidence that capacity gaps among elected officials and communal staff remain, and that these gaps have hindered identification and slowed implementation of adaptation measures. This observation is borne out in the APA reports: “[...] *the communes still rely heavily on effective technical assistance and advice from government departments, and many lack in-house units capable of assessing the quality of the service they receive from external providers. This situation makes it difficult to secure and build on progress achieved, as does the fact that the communes have few or no own financial resources to allocate to investments selected from the LoCAL menu.*” The conclusions of the various evaluation exercises therefore suggest that the LoCAL mechanism should, over time, be integrated into the commune financing and management system. In light of this situation, Benin’s local governments will need to do more to build community resilience and adaptive capacity by making available both adequate and sustainable sources of finance, and the necessary institutional and technical support. In Phase II, there will therefore be a strong emphasis on building strategic partnerships with SP-CONAFIL, the Centre de Formation de l’Administration Locale [Local Government Training Centre – CeFAL] and other institutions.

Figure 3: Enabling factors for LoCAL sustainability and scaling-up (source: APR reports, 2016–2017).



7. LoCAL Phase II: design aspects

7.1 Intervention logic

The general objective of LoCAL is to foster climate-resilient local communities and economies by increasing access to climate finance at the local level and, in doing so, to contribute to implementation of the NDC.

LoCAL is intended to build the awareness and response capacities of local governments, to integrate climate change adaptation into local government planning and budgeting in a participatory and gender-sensitive manner, and to support the implementation of local climate-adaptive responses. LoCAL provides PBCRGs, which ensure programming, implementation and verification of adaptation interventions at the local level.¹⁸ The investment grants are combined with technical and capacity-building support for local governments and officials. LoCAL uses the demonstration and incentive effects to trigger further flows for local adaptation, in the form of additional national fiscal transfers, budget support, and private and/or mixed financing.

In Phase II, Benin will build on the progress achieved and lessons learned in Phase I to widen deployment of the initiative to more communes.

The general objective of the LoCAL initiative in Benin is to “**help strengthen the climate resilience of communities and local economies through better access to climate finance**”. Phase II, like Phase I before it, will contribute to achievement of the SDGs, and in particular Goal 13 “Take urgent action to combat climate change and its impacts. It will also support implementation of Benin’s NDC.

This general objective is subdivided into two specific objectives, as follows:

- Specific objective 1: Strengthen **the capacities of local governments to access climate finance** and make investments for adaptation to climate change.
- Specific objective 2: Contribute to establishing an **internationally recognized standard country mechanism** for performance-based climate finance transfers (LoCAL).

The expected outcomes are as follows:

Outcome 1. Awareness and response capacities of local governments, communities and local stakeholders are strengthened and promote local adaptation responses

This outcome will be achieved through activities including:

- Assessing awareness and capacity-building needs (e.g. in terms of production of, and access to appropriate meteorological and climate data to support local planning processes).
- Carrying out localized and spatialized assessments of climate risks, vulnerabilities and adaptation options.
- Setting up and mobilizing Commune Support Teams.
- Implementing a local awareness and communication strategy.
- Holding targeted information and training workshops for the communes, devolved government departments, private-sector partners/service providers, and the wider population.

Outcome 2. Climate change adaptation is integrated into the planning and budgeting of communes and investments and adaptation measures are carried out throughout their territories

This outcome will be achieved through activities including:

- Integrating climate-adaptive and local development measures into planning processes in a participatory and gender-sensitive manner (e.g. local support, participatory workshops, review of the results of localized and spatialized assessments of climate risks, vulnerabilities

¹⁸ See Annex VI for the general intervention logic of the LoCAL initiative (Results and Resources Framework (RRF) 2019–2022).

and adaptation options, review of adaptation plans and local development plans to include climate-related issues)

- Making investments based on an estimation of costs and benefits of adaptation options, multi-criteria analyses and selection of priority measures, preparation of PAs, (pre-) feasibility studies, specifications of technical standards.
- Building local project-management capacities, using community contracting (particularly with women's groups), and having local small and medium-sized enterprises (SMEs) implement investments.

Outcome 3. The PBCRG system is scaled up and institutionalized

This outcome will be achieved through activities including:

- Monitoring the performance of the communes in terms of good governance and response to adaptation through APAs scheduled to align with FADeC audits for the previous year, so that communes are duly informed and aware of their grant amounts in a timely manner for planning and budgeting purposes. National partners and external evaluators will be involved in this process.
- Producing an APA Manual and training stakeholders how to use the guide.
- Establishing a programme monitoring system that is aligned with the LoCAL monitoring framework (ACCAF) and supervised by FNEC, and that includes reporting on achievements, adaptation benefits and how these are distributed among beneficiaries.
- Systemically adopting and institutionalizing the system, working with FNEC, DGEC and SP-CONAFIL in particular, to adjust the policy and regulatory frameworks.
- Providing support to mobilize complementary financing (e.g. project-based funding from bilateral and multilateral partners, budget support, domestic resources).

7.2 Selection of communes

The vulnerability assessment carried out in preparation for the 2008 NAPA divided the country into eight agroecological zones, each containing communes with similar physical, biological and social characteristics, and with similar adaptation strategies. Four of these eight zones were identified as particularly vulnerable to climate change (NAPA, 2008): the Far North of Benin, Western Benin (Atakora and Northern Donga), the Central cotton-producing zone, and the Fisheries zone. These four zones will be prioritized for the deployment of the LoCAL programme. LoCAL was deployed in nine communes across two of these zones – the Far North of Benin, and Western Benin (Atakora and Northern Donga) – in Phase I.

Moreover, preparatory work on the NAP will help to better target the priority communes from 2020 onwards and to fine-tune the selection criteria in addition the existing eight-zone division.

Building on the Phase I pilot in nine communes, the programme will be gradually expanded to 25 communes (or potentially more subject to FNEC co-financing) over five years, reaching more than 3 million people out of Benin's total population of 11 million (2017). One of the objectives is to reach a large proportion of the population, focusing first and foremost on those communes where lifestyles and production methods are hardest hit by the effects of climate change.

Priority will be given based on:

- (i) exposure of districts to climate-related hazards;
- (ii) level of exposure to climate-related hazards; (ii) climate-related vulnerabilities, as assessed through the 2008 National Adaptation Plan (PANA Benin¹⁹) and re-assessed by the newly released 2022 NAP;
- (iii) proximity of target areas to enable knowledge-sharing;
- (iv) complementarity and coherence with other projects, in order to avoid overlapping of interventions.

Any communes that do not satisfy the MCs but wish to join the LoCAL initiative will receive support so they can do so in the second year.

¹⁹ https://www.adaptation-undp.org/sites/default/files/downloads/benin_napa.pdf

Exposure to hazards and impacts on agro-ecological zones

1) **Exposure to hazards impacts**, with critical focus on temperature increases and water stress (both as a consequence of water scarcity and changing rainfall patterns). The table below is a schematic summary which will be further validated through district-level analysis from IPCC-AR6 (from the World Bank Climate Knowledge Portal) and from climateinformation.org, in order to assess the incidence and then impacts of climate-related hazards on the areas and on the populations. The table below summarises the hazards (some of which are climate related, such as heat stress, while some others are not, like earthquakes or tsunamis) for the twelve districts in Benin. The two northern districts of Alibori and Atakora are those most exposed to the potential impacts arising from selected hazards, such as heat stress and flooding. Other impacted districts are the central ones of Donga, Collins and Borgou. The southern districts have less exposure to heat stress but in some cases more exposure to floodings. In all districts, exposure to wildfires is high. Those are caused by the use of agricultural practices such as slash-and-burn (clearing of forest followed by a fallow period), straight deforestation, as well as higher incidence due to droughts.

	Alibori	Atakora	Borgou	Donga	Collins	Zou	Plateau	Couffo	Mono	Oueme	Atlantique	Littoral
Hazards²⁰												
River floods	High	High	Medium	Low	Low	High	Medium	High	High	High	High	Very Low
Urban floods	High	Low	Low	Very Low	Low	Low	Medium	Medium	High	High	High	Very Low
Water scarcity	High	High	Very Low	Low	Medium	Very Low	Medium	Medium	Very Low	Medium	Very Low	Very Low
Extreme heat	High	High	High	High	High	Medium	Medium	Very Low	Medium	Medium	Medium	Very Low
Wildfire	High	High	High	High	High	High	High	High	High	High	High	High
Earthquake	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low
Landslide	Very Low	Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low
Coastal Flooding	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Medium	Medium	Medium	Medium

2) and 3) Vulnerability according to NAPA and geo-concentration

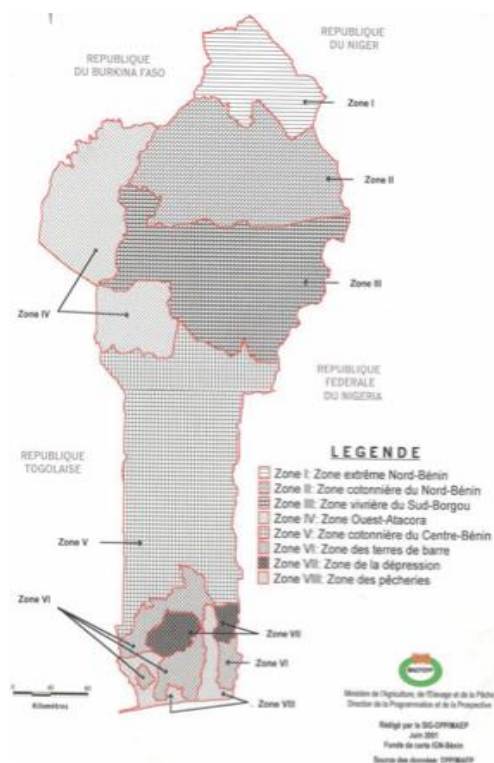
Alignment to the vulnerability classification according to the NAPA 2008²¹, which identifies agroecological zones, I, IV, V and VIII (out of a total of eight zones) and subsequent departments/communes in respective agroecological zones as the most vulnerable to the impact of climate change. These target zones show high reliance of the population on agricultural activities for their livelihoods. As agriculture is highly impacted by climate change (in particular, as shown above, because of increasing temperatures, droughts, and shifting rainfall patterns), there is potential for loss of livelihoods in those cases. The southern districts fall within three main agroecological zones: Zone VI (Zone des terres de barre), Zone VII (Zone de la depression) and Zone XVIII (Fishing area). The 2008 NAPA also presents Zone XVIII as being highly vulnerable to climate-related hazards. Vegetation composed of grassy savannah, meadows and marshy formations, mangroves and of gallery forests. Several types of soils: typically fertile but subject to flooding by river floods (in areas with alluvial, colluvial soils); areas of infertile sandy soils, favourable to e.g. coconut and casuarina plantations.

Opportunities for inter-communal learning and knowledge sharing can be created through interventions in neighboring communities, so prioritizing proximity of local governments within the same departments will lead to positive spill-over effects. This will also enable the new interventions to benefit from past

²⁰ Source: ThinkHazard

²¹ https://www.adaptation-undp.org/sites/default/files/downloads/benin_napa.pdf

interventions, including in terms of existing infrastructure and lessons learnt. In this way, The LoCAL programme can expand on the ongoing pilot and create synergistic dynamics between communes. These same dynamics can, in turn, represent another opportunity to demonstrate that the model can be scalable and replicable in other districts (both in Benin, and in neighboring countries).



AGROECOLOGICAL ZONE	DEPARTMENT	INCLUDED COMMUNES
ZONE I: Far North of Benin	ALIBORI	MALANVILLE, KARIMAMA
ZONE II: Northern cotton-producing zone	ALIBORI	SEGBANAN, BANIKOARA, GOGOUNOU, KANDI, KEROU
Zone III: Southern Borgou food crop-producing zone	BORGOU	N'DALI, NIKKI, KALALE, BEMBEREKE, SINENDE
	ATAKORA	PEHUNCO, KOUANDE
Zone IV: Western Benin (Atakora and northern Donga)	ATAKORA	COBLY, BOUKOMBE, TANGUIETA, TOUCOUNTOUNA, NATITINGOU
	DONGA	OUAKE, DJOUGOU, COPARGO
Zone V: Central cotton-producing zone	DONGA	BASSILA
	BORGOU	PARAKOU, TCHAUROU
	COLLINES	OUESSE, BANTE, SAVE, SAVALOU, DASSA, GLAZOUE
	PLATEAU	KETOU
	ZOU	DJIDJA
	COUFFO	APLAHOUE
Zone VI: Red-clay soil zone	ATLANTIQUE	ABOMEY-CALAVI, ALLADA, KPOMASSE, TORI-BOSSITO, ZE
	COUFFO	DJAKOTOME, DOGBO, KLOUEKANMEY, TOVIKLIN
	MONO	HOUEYOGBE
	OUEME	ADJARRA, MISSERETE, AVRANKOU, PORTO-NOVO
	PLATEAU	IFANGNI, SAKETE
	ZOU	ABOMEY, AGBANGNIZOUN, BOHICON, COVE, ZAKPOTA, ZAGNANADO
Zone VII: Lowland zone	PLATEAU	ADJA-OUERE, POBE
	COUFFO	LALO
	ZOU	ZOGBODOMEY
	ATLANTIQUE	TOFFO
Zone VIII: Fisheries zone	MONO	ATHIEME, GRAND-POPO, COME, BOPA, LOKOSSA,
	ATLANTIQUE	OUIDAH, SO-AVA
	OUEME	SÈMÈ-PODJI, AGUEGUES, DANGBO, ADJOHOUN, BONOU
	ZOU	OUIHNI
	LITTORAL	COTONOU

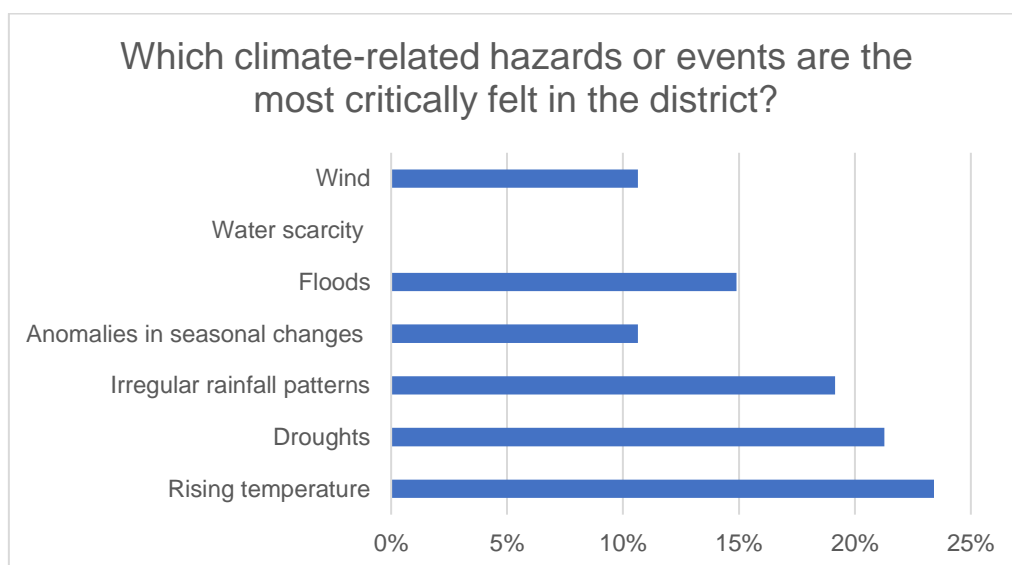
Figure 5: Map and list of Benin's agroecological zones

Results from the field survey on sample local governments

In order to validate further the choice of target communes, a survey was conducted in late 2022. The survey was translated and conducted in French, to facilitate access to it. Responses were analysed in both French and English. A total of 12 respondents took part, each representing a broad geographical area (at department level-prefects) and at lowest administrative tier level (local governments-mayors or executive secretary) as representative of populations under their jurisdiction. The survey sought to study the perceptions of climate vulnerabilities, the exposure of the target area(s), the potential impacts on livelihoods, and ascertain the populations' needs in climate action.

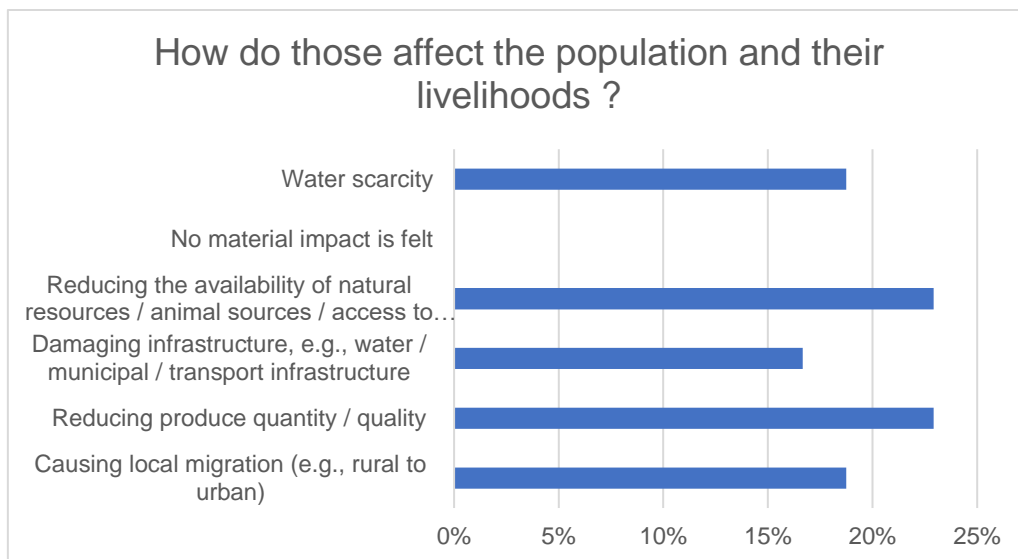
In the survey, the majority of respondents see rising temperatures, droughts and irregular rainfall patterns as the key climate-related hazards affecting their locality.

Figure 6: Perceptions on Climate-related Hazards



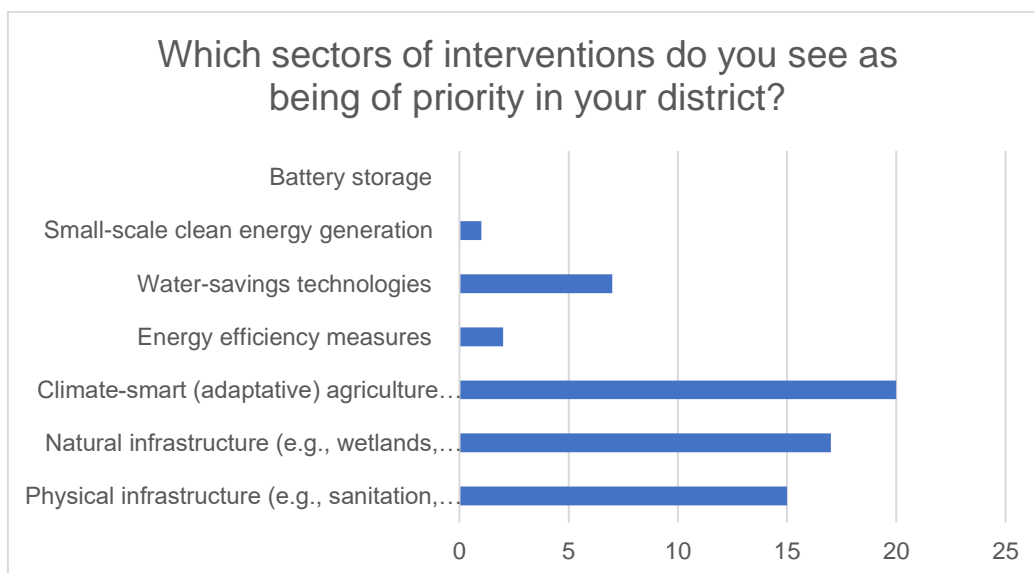
These hazards affect the populations and their livelihoods in several ways. The two most critical impacts have been identified as the reduction in the availability of natural resources (including animal and plant sources), and reduction in both the quality and quantity of agricultural produce. Water scarcity, local migrations and damage to physical infrastructure have also been noted as important impacts, as illustrated in the Figure below.

Figure 7: Perceived Impacts



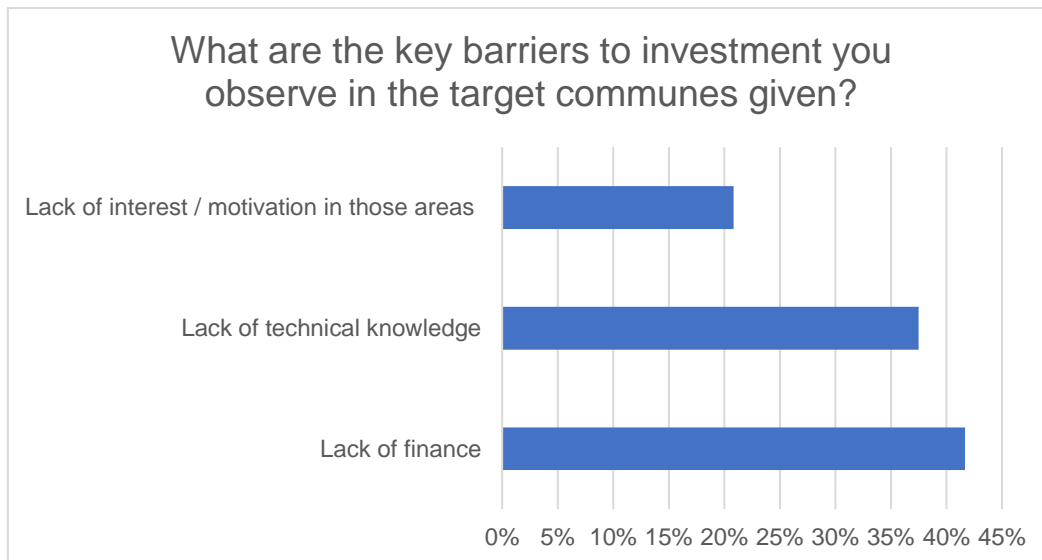
Respondents identified these sectors / subsectors as the most critical for interventions in climate action: climate smart / adaptive agriculture; natural infrastructure; physical infrastructure.

Figure 8: Priority sectors of interventions



When asked about the key barriers undermining investment in climate action, respondents opted for lack of finance and lack of capacity. To note, however, that lack of interest can also play a part in the slow deployment of pro-climate investments.

Figure 9: Barriers to Investment



The survey covered additional questions as well, used to further inform the choice of communes. The full question list is as follows:

- 1) Which climate-related hazards or events are the most critically felt in the district?
- 2) How do those affect the population and their livelihoods?
- 3) Which segment(s) of the population are the most affected?
- 4) Which sectors of interventions do you see as being of priority in your district?
- 5) What type of financial instruments would you say are the best suited to achieve the above?
- 6) In your district, which one are your recommended target communes and why?
- 7) What are the key barriers to investment you observe in the target communes given?
- 8) Thinking about the implementation of interventions listed in Q.4, can you give your views / assessments on the cost of the technology / interventions you have highlighted?
- 9) Which other organisations are present in the target districts / communes
- 10) Open question – please mention anything else you deem important for us to know

7.3 Institutional model

Coordination

In Benin, LoCAL Phase II will work with SP-CONAFIL and CeFAL to provide methodological support with the aim of better integrating the effects of climate change into communal planning processes, as well as incorporating climate change responses into sectoral policies and PDCs (in accordance with the Climate Change Law). Specifically, this support will involve technical assistance and training on the tools developed for Phase II.

UNCDF-LoCAL, FNEC, SP-CONAFIL and MCVDD will sign a framework agreement to set a clear institutional framework. The agreement will establish the following strategic partnerships:

- SP-CONAFIL (FADeC) and CeFAL will:
 - Determine the climate change adaptation monitoring mechanism, as set out in the FADeC audit manual.
 - Prioritize capacity-building needs in LoCAL communes: integrating climate change adaptation into planning, budgeting, procurement procedures and documents, council and committee governance, and oversight of the mayor's activities by the council and local citizens.
- MCVDD and the Ministry in charge of Decentralisation [Ministère de la Décentralisation, de la Gouvernance Locale, de l'Administration et de l'Aménagement du Territoire - MDGLAAT] will:
 - Help the communes access meteorological data to inform decision-making and updating of risk and vulnerability assessments at the communal level.

Direct support for communes

LoCAL will provide the communes with assistance and advice on integrating climate change adaptation into planning and investment design. The communes already receive assistance and advice from devolved government departments at the departmental level under existing decentralization arrangements. LoCAL has formalized this support, which is provided by the Commune Support Teams, and has appointed a national technical assistant. Each year, the communes also undergo a FADeC audit and an APA, which help them to learn and improve.

UNCDF will assist the communes with:

- access to climate information and risk and vulnerability assessments (the most granular level possible for this type of assessment)
- a decision-support tool that uses these assessments plus communal and meteorological data
- training delivered by CeFAL
- preparing for the APA exercise.

Investment design support

The idea behind LoCAL is to develop new, climate-adaptive production methods and lifestyles. These may include changes in behaviour (e.g. involving schools and farmers in planting and protecting trees), but also know-how (sometimes based on traditional knowledge, for example adobe as a thermal insulator), techniques (construction, agricultural approaches integrating permaculture – home gardening – and soil regeneration) and technologies (simple irrigation, water collection and transport, solar – cooking and lighting, wind power, mobile telephony – access to energy and water, protection of foodstuffs).

In addition to local risk assessments, the LoCAL menu encourages simple, innovative solutions in areas such as soil and water management, timber resources, food and cash crop production, construction and development of lowlands and rivers, agricultural product processing and storage, and energy. UNCDF will provide access to experience and expertise from elsewhere in the Global South, as well as from non-governmental organizations (NGOs) and innovation centres.

In doing so, LoCAL offers an opportunity to innovate by applying solutions whose effectiveness has been demonstrated in Benin or abroad to reduce the time and arduousness of tasks, increase the productivity of women and youth, and offer prospects for economic diversification. The inclusion of women and youth will be promoted.

Roles and responsibilities of implementing partners

Benin proposes to implement LoCAL using the Direct Implementing Modality (DIM), with UNCDF providing technical assistance for PBCRGs, quality assurance and learning. It will also offer fiduciary management support, even though LoCAL will be implemented through national systems, with a national institution responsible for administration, implementation, monitoring and evaluation, and consolidation, working in partnership with UNCDF.

The roles will be clarified for Phase II, taking account of:

- the additional workload involved in implementing LoCAL Phase II (via the FADeC)
- the climate change financing role played by FNEC
- the stricter reporting requirements, including completion of the ACCAF.

MCVDD will make the necessary organizational and technical arrangements at both the central level (LoCAL Technical Steering Committee) and the local level (Commune Support Teams) to ensure sound implementation of the initiative. DGEC will chair the LoCAL Technical Steering Committee and coordinate efforts by line ministries to integrate climate change adaptation into local government planning.

LoCAL Benin Technical Steering Committee

The LoCAL Technical Steering Committee is responsible for ensuring that the communes, the Commune Support Teams and line ministries are engaged in efforts to integrate climate change adaptation into sectoral policies at the national level and at the departmental level (via the Commune Support Teams), and for mobilizing technical assistance via UNCDF. The LoCAL Benin Technical Steering Committee is tasked with monitoring and control of the LoCAL mechanism and how communes are using the PBCRGs. It will clarify the adaptation interventions' categorisation and environmental and social screening (ESS), under the most recent GCF's guidelines as described in section 7.7, before approval of funding through PBCRGs. The Committee launches and validates the Annual Performance Assessments and validates the performance scores and the grants' calculations.

National Coordinator

The National Coordinator is responsible for day-to-day management, coordination and reporting duties, and reports to the Technical Steering Committee. The committee may assign these duties to a FNEC unit. The Commune Support Teams carry out routine tasks on behalf of the committee and its members at the local level. The PONADEC sets out measures for decentralization by devolution. The LoCAL initiative will support these efforts by providing advice and assistance to the communes. The relevant means and resources are set out in the PAACs, which are managed by the prefectures. Details of LoCAL support will be included in these documents, outlining the advice and assistance services available from the prefecture and devolved government departments.

Role of UNCDF

The outcomes of the LoCAL pilot and other local capacity-building initiatives show that significant progress can be made as long as the support provided is aligned with the local situation and needs. To achieve this, the communes require both on-site support and practical analysis and planning tools. UNCDF's assistance covers the following aspects:

- Capacity-building and support for stakeholders, especially the communes.
- Quality assurance of the LoCAL Benin initiative via APAs and the ACCAF.

UNCDF mobilizes technical assistance where required, including for completion of the risk and vulnerability assessments. UNCDF carries out the APAs, makes recommendations to the Technical Steering Committee and provides the calculations for forthcoming grants (PBCRGs). UNCDF supports FNEC and approves the data sent by FNEC for completion of the ACCAF. It mobilizes technical support for the communes, the Commune Support Teams and ministries on all matters relating to the integration of climate change adaptation into communal planning and budgeting systems, as well as into sectoral policies (including risk and vulnerability assessments). UNCDF, via the APAs and the ACCAF, ensures that the LoCAL mechanism is applied properly and to the requisite quality standard. UNCDF will submit the proposed National Coordinator to FNEC for approval.

Roles of other stakeholders

- The communes, supported by FADeC transfers and PBCRGs, act as project managers, with responsibility for planning, budgeting, executing and reporting. The communes track achievement and outcome indicators for adaptation investments, reporting their progress as part of the annual monitoring exercise ahead of the APA and for completion of the ACCAF. The commune mobilizes communities to ensure their effective participation in determining adaptation priorities, and in selecting investments and their location.
- The Commune Support Teams, chaired by the Prefect of the department, will provide technical support to the pilot communes to help them identify measures for implementation and manage climate resilience allocations. They will also prepare and participate in commune performance reviews, prepare and submit regular reports on the implementation

of LoCAL activities, and support UNCDF missions and studies commissioned by the Technical Steering Committee.

- The local technical assistants (national consultants) support day-to-day implementation and monitoring activities. Given the qualification and availability requirements of this role, and the fact that the assistants need to be physically close to the communes they are supporting, they will be recruited via tender for a specific post.
- FNEC is mandated to finance climate change adaptation and mitigation measures. As the NIE for GCF projects, FNEC will be tasked with mobilizing finance and monitoring LoCAL's implementation in line with the relevant GCF standards, and collecting data to track achievement and outcome indicators. FNEC will also provide financial oversight, collecting information on allocations and commune performance from SP-CONAFIL. In particular, FNEC will supervise that adaptation interventions' categorisation and environmental and social screening (ESS) is under the most recent GCF's guidelines as described in section 7.7 before approval of funding through PBCRGs."
- CONAFIL and SP-CONAFIL now play a key role in transferring, monitoring and auditing grants. SP-CONAFIL will transfer funds to the communes and ensure that FADeC audits are carried out in a timely manner and include a review of LoCAL funds. SP-CONAFIL will share audit results with the Technical Steering Committee, as well as details of any adjustments to the FADeC rules and criteria (performance weighting or equalization). For the purposes of GCF, CONAFIL is the promoter of the LoCAL initiative.
- TFPs will be kept informed of LoCAL progress through the Local Finance Sub-Group (led by SP-CONAFIL, supported by GIZ and including UNCDF), and through the Technical Group on Decentralization, Devolution and Land-use Planning and the Environment and Climate Change Group (MCVDD and UNDP).

7.4 Planning, budgeting and oversight

Integrating the LoCAL Benin initiative into the national decentralization financing system will give the communes a clearer picture of their obligations and incentivize them to improve their governance practices, because the MCs will be aligned on the FADeC audit criteria and results. Likewise, this approach will make it easier for the communes to action recommendations.

The LoCAL national coordinator will make every effort to inform the communes of the allocation amounts in a timely manner, so they can incorporate this information into their budget forecasts and begin implementing the measures without undue delay. The relevant milestones are detailed below. The communes prepare their PDCs according to the PDC preparation guide and implement them via PAs, with the associated investments included in their budgets. LoCAL works closely with devolved government departments and the Prefect to ensure that investments are aligned with land-use planning and agricultural development master plans, and to ensure that the budget is prepared according to CONAFIL standards (2017 note on the checks performed by Prefects before approving budgets and administrative accounts). The technical assistance provided to the communes should enable them to update their PDCs and cost their PAs.

Table 4: Measures identified by the communes: pre-implementation timetable

Year Y-1: identification and budgeting			
No.	Activity	Expected outcome	Timing
1	Identify the measure	The measure for implementation is identified	April
2	Complete the technical and financial feasibility study	The measure is confirmed as being technically feasible or impractical	June–August

3	Complete the simplified environmental impact assessment	The environmental impact is assessed and mitigation measures are recommended, where relevant	June–August
4	Finalize the project documentation	A synopsis of the project is available	September
5	Include the measure in the PAI and the draft budget	The measure is included in the PAI and the draft budget	October–November
6	Adopt the commune’s initial budget	The measure and the associated allocation are adopted by the communal council	November
7	Obtain supervisory approval for the adopted budget	The adopted budget is approved and has full effect	31 December
Year Y: implementation			
8	Finalize the tender documentation and start the tendering process	The tendering process has started	Early April
9	Evaluate the bids and award the contract	The contract is awarded	End of May
10	Implement the measure	The measure is implemented	June–November*
11	Carry out the APR	The commune’s performance has been reviewed	December
12	Convene a Technical Steering Committee meeting and allocate resources	The Technical Steering Committee has examined communes’ performance and allocated new resources	January year Y+1
13	Notify the communes of the new allocations	Each commune has received notice of its annual allocation	February year Y+1

Note: some measures may take more time to implement. If so, this should be stated in the specifications, and the payment schedule should be indicated in the project documentation and the contract.

Integrating LoCAL grants into the FADeC means they will be subject to annual audits and the full range of regular checks and inspections:

- annual audits conducted jointly by MEF and MDGL
- technical inspections of activities and investments
- and, in critical cases, enhanced checks and inspections by government agencies (Chambre des Comptes [Government Audit Office], General des Finances [General Finance Inspectorate] (IGF) and Inspection General de Inspection Générale des Affaires Administratives [General Inspectorate of Administrative Affairs] (IGAA), as commissioned by the authority.

There are clear rules on the penalties that apply, and the body or bodies authorized to apply them, in the event that audits, checks or inspections reveal a problem or evidence of misconduct.²² This arrangement will ensure that LoCAL APAs focus on adaptation performance.

7.5 Financing circuit

At its session of 9 February 2017, the Cabinet instructed SP-CONAFIL to create a “climate change adaptation” window within the FADeC. Following this request, FNEC – the central institution that manages all climate finance – reached an agreement with SP-CONAFIL and MCVDD to channel all local government climate finance via the “allocated” FADeC.

²² It is important to stress that there are no penalties under LoCAL, but any commune that fails to satisfy the MCs will be ineligible to receive a grant.

This decision was made with two aims in mind: to place project-management responsibility in the hands of the communes, and to ensure that climate change adaptation finance would be additional to other local government allocations. FNEC therefore opted to apply the LoCAL mechanism, because its three objectives²³ align with these aims and because doing so will help to establish an adaptation financing line within the FADeC.

Overview of FADeC “Conditional” and “Non-Conditional” allocations

The FADeC plays a central role in Benin's decentralization process. The communes receive two types of allocation: operating allocations and investment allocations. A further distinction is made between two types of investment allocation: “Conditional” and “Non-Conditional”. Resources are transferred to communal budgets via a Treasury financing circuit and in accordance with public accounting procedures. This arrangement provides traceability and ensures that appropriations are available.

The Non-Conditional FADeC is intended to support local development by financing PDCs and PAIs while maintaining the communes' independence in management terms. The investment component of the non-Conditional FADeC allows communes to manage and implement the measures in their PDC, and to plan their socio-economic development and investments.

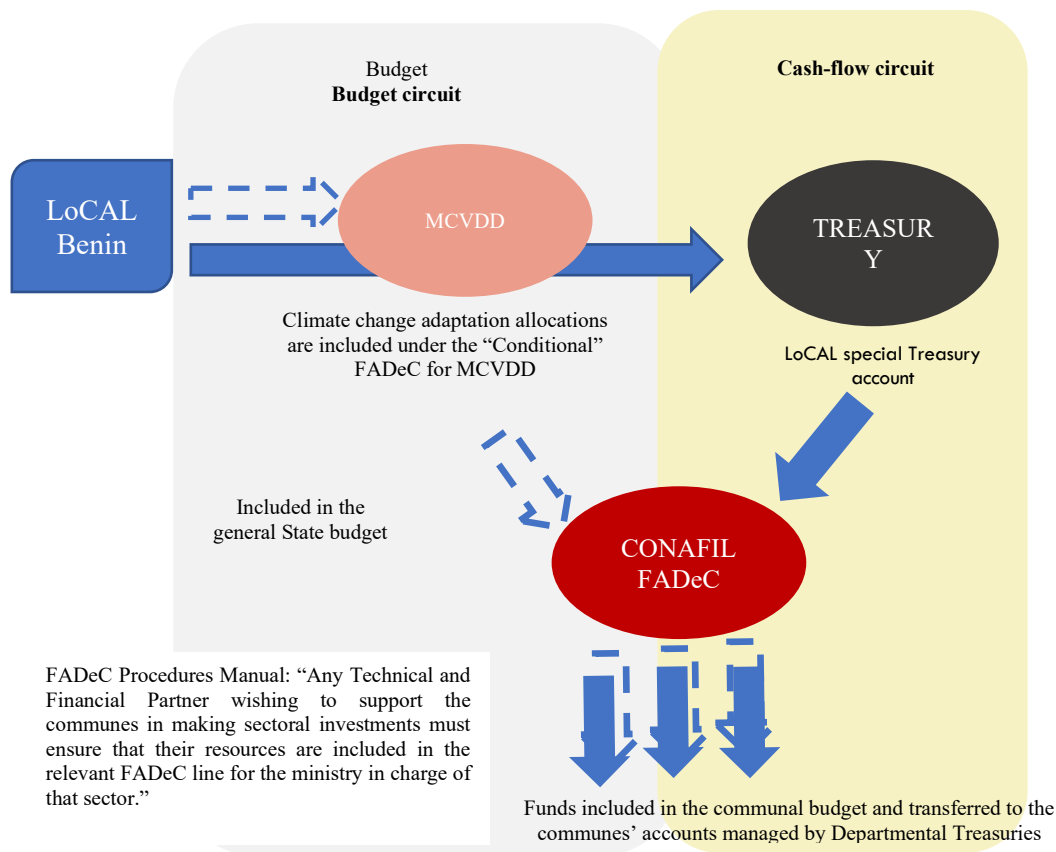
Transfers from the “Conditional” FADeC are earmarked to specific sectors, implying that communes must use these resources in a manner consistent with sectoral policies, and must discuss priorities and feasibility with the relevant line ministry. Because these allocations remain small in value, communes can only obtain the resources they need to take action by combining multiple allocations, which delays implementation. There are rudimentary allocation criteria in place for the Conditional FADeC for agriculture, health and primary education. For other ministries, resources are allocated according to the relevant sectoral policy, with the ministry calculating allocations per commune.

Since climate change adaptation is a multi-sectoral issue, FNEC and MCVDD have decided to channel LoCAL PBCRGs through the Conditional FADeC for MCVDD. This arrangement will ensure that the grants are both additional to other allocations and clearly focused on climate change adaptation, and that communes receive a financial top-up to cover the cost of making adaptation investments, or the additional costs of building adaptation into the investments set out in their plans.

SP-CONAFIL sends transfer notes to the Treasury, showing the breakdown of resources between different FADeC allocations (operating allocations, and investment allocations subdivided into Conditional and Non-Conditional). The funds are held in a FADeC account with the Central Bank of West African States (BCEAO). The decree establishing the FADeC states that 100 per cent of the money in this account is intended for the communes. A FADeC annual audit has been established with the support of DPs. The results show that the fund is operating correctly and in accordance with the relevant decrees and standards. Statements generated by ASTER (a public accounting monitoring software program established by the Agence Française de Développement) can be reviewed to verify that funds are being channelled in the proper manner. The Public Accountant (Treasury official), who acts as the commune's accountant, makes the payment by cheque. This arrangement ensures that the commune does not experience cash-flow difficulties (one of the PONADEC indicators tracked by DPs).

Figure X: Financing circuit for LoCAL Phase II in Benin

²³ 1: Build capacities to integrate climate change adaptation into communal planning and budgeting systems.
2: Institutionalize a performance-based climate resilience finance system.
3: Increase the amount of finance available to the communes.



Reporting

The reporting arrangements are as follows:

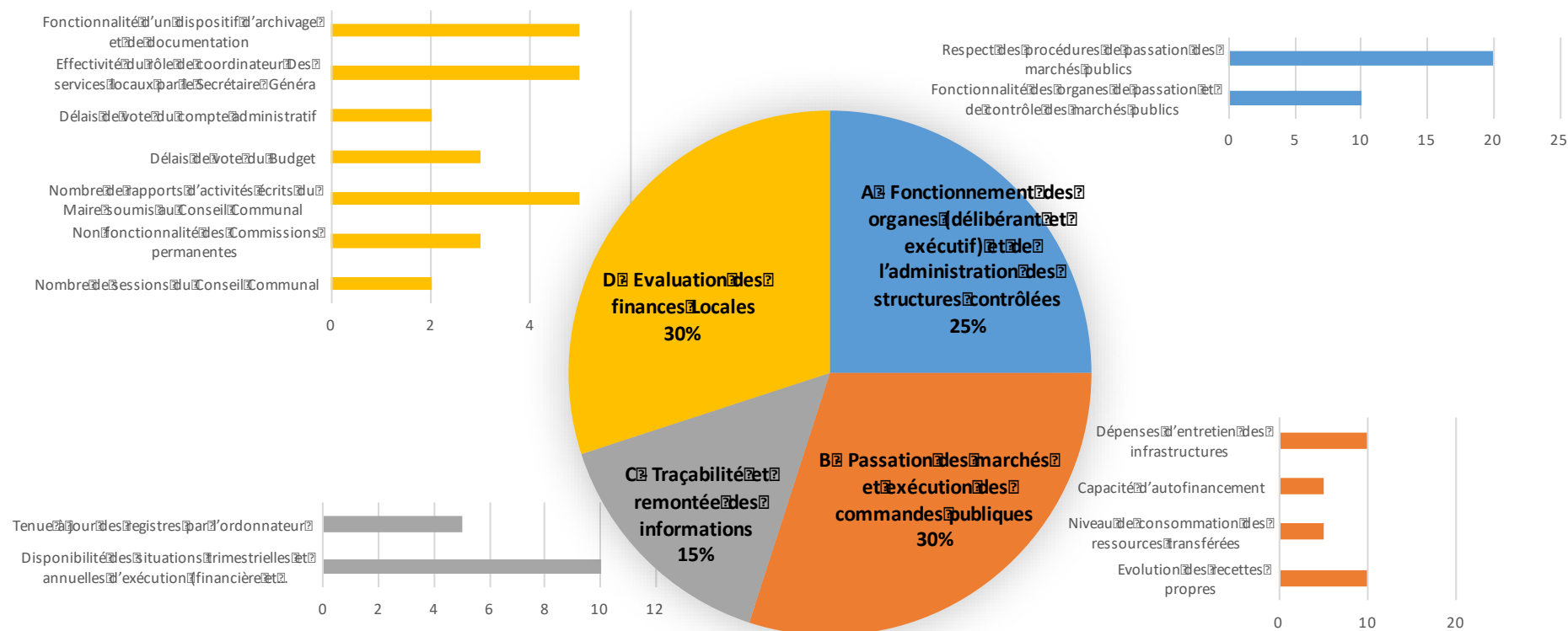
- Communes: the communes report regularly throughout the fiscal year and as part of the accountability process, and via a technical and financial report submitted to the LoCAL mechanism (this report may be included in the commune’s annual report).
- LoCAL Technical Committee Benin: the Technical Steering Committee monitors the communes, APA are carried out, and FNEC submits half-yearly and annual reports to UNCDF-LoCAL.
- Adaptation: the ACCAF, developed by UNCDF and the World Resources Institute (WRI), is completed.

Audit

The communes undergo an annual audit by IGF and the Inspection Générale de l’Administration Territoriale [General Inspectorate of Territorial Administration – IGAT]. These audits follow a manual and examine a steadily increasing number of items (114 separate items examined in 2018). The annual audit reports contain recommendations on improving fund management, plan implementation and citizen accountability. The communes are required to action these recommendations by taking appropriate corrective measures.

The indicators and their relative weightings are shown in Figure 7 below.

Figure 10: FADeC performance indicators and relative weightings. Source: FADeC Procedures Manual (internal document).



7.6 Grant amounts, allocation criteria and funding flows

Recap: Non-Conditional FADeC equalization formula

CONAFIL uses an equalization (or horizontal distribution) formula to determine Non-Conditional FADeC allocations. A different method, not related to decentralization, is used to determine the size of Conditional FADeC resources. Applying the allocation formula for the investment component of the Non-Conditional FADeC to the LoCAL grant will ensure that these resources are distributed according to existing and proven equalization criteria, which are shown below:

	Poids dotations fixes	15,00%	15,00%
Montant total à distribuer		20 000	Mio. FCFA
Dotation fixe par commune		39	Mio. FCFA
	Poids dotations variables	85,00%	
Montant à distribuer selon critères		17 000	Mio. FCFA
Population		32,18%	27,35%
Pauvreté		32,18%	27,35%
Superficie		14,64%	12,44%
Performance		21,00%	17,85%
		100%	100%

Source: SP-CONAFIL

Expressed in simple terms, the formula is:

15 per cent basic allocation (no equalization) + 85 per cent equalization allocation = non-allocated FADeC allocation (investment component)

- The value of the basic allocation is set by CONAFIL, taking into account the whole annual central government allocation for sub-national governments and sets the percentage at a level that gives every commune an adequate minimum allocation.
- This allocation is set in accordance with the equalization criteria set out in the FADeC Procedures Manual (poverty, population size and surface area), plus the commune's performance as determined by FADeC audits (again, applying the criteria in the FADeC Procedures Manual).
- CONAFIL reviews the relative weightings of the components of the equalization formula each year. The current weightings are as follows: 21 per cent for the commune's performance score, 14.65 per cent for surface area, and 32.18 per cent each for population size and poverty.
- The performance score weighting is set to increase by 2 percentage points every two years (currently 21 per cent for 2019 and 2020), up to a maximum of 35 per cent. The number of items covered by the FADeC audit increases regularly. The performance score is based on an examination of subset of these items. The calculation method also becomes more demanding.

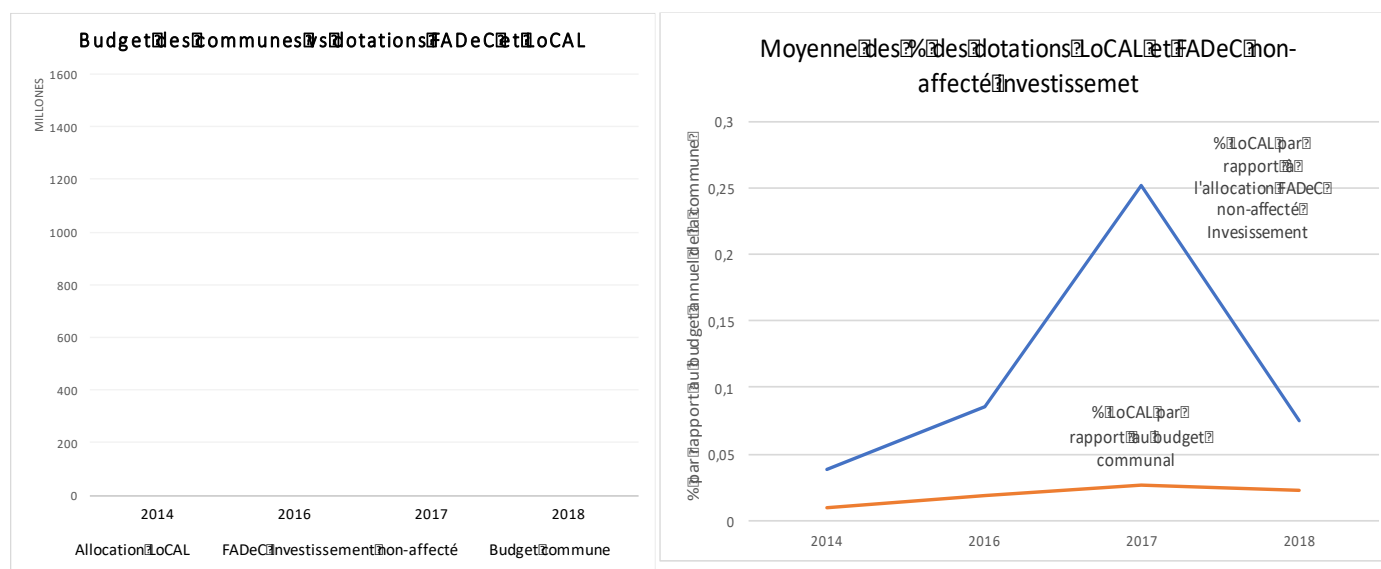
Average grant amounts

Average grant amounts are estimated on the basis of Phase I and a review of ratios between LoCAL grants and non-allocated FADeC allocations. The aim is to develop a robust, and therefore simple, system that can be replicated across all communes, and to incentivize the communes with additional finance while remaining aligned with changes in FADeC allocations for sustainability purposes (a "climate change adaptation" window, financed by the State budget and DPs' contributions, will need to remain open until all communes have integrated adaptation into their

investments and are able to cover the additional costs).²⁴

Figure 9 below shows relative changes in FADeC allocations and LoCAL grants for the nine beneficiary communes.

- Figure 11: LoCAL grants and FADeC allocations (non-allocated, investment component), and comparison with the budget of LoCAL Phase I beneficiary communes



Source: CONAFIL and LoCAL. ²⁵

The figure below shows simulations based on the non-allocated FADeC and actual investments by the communes.

	Depenses réelles d'investissement 2017	Facteur d'augmentation des dépenses d'investissement liée à la subvention LoCAL
BANIKOARA	1 555 301 584	1,5%
BOUKOUMBE	242 513 970	9,8%
COBLY	282 309 955	8,4%
COPARGO	108 527 382	21,9%
KARI-MAMA	216 180 778	11,0%
MALANVILLE	629 840 093	3,8%
MATERI	433 036 785	5,5%
OUAKE	478 944 398	5,0%
TOUKOUNTOUNA	229 045 168	10,4%

²⁴ From an economic perspective, investing in adaptation yields a return in terms of economic activity and, therefore, tax receipts over the longer term.

²⁵ The minimum and maximum values include all communes in Benin, including urban communes.

Communes	Dotations FADeC non-affecté 2021	% de subvention de LoCAL (60.000 USD)
Banikoara	547,972,877	6%
Boukoubé	283,936,559	12%
Cobly	250,332,962	13%
Copargo	213,204,947	16%
Karimama	408,442,982	8%
Malanville	516,047,063	6%
Matéri	426,511,402	8%
Ouaké	202,791,661	16%
Toucountouna	220,727,313	15%
	Min	5%
	Max	20%
	Mediane	11%
	Moyenne	11%

Source: CONAFIL and LoCAL. ²⁶

As can be seen in the tables above, the amounts received by the communes are sufficient to enable them to finance their PDCs.

According to figures from CONAFIL and discussions with SP-CONAFIL and DPs, FADeC allocations are increasing year on year. Moreover, these resources are secure thanks to strong backing from DPs, including through political dialogue (tracking of PONADEC indicators, and in particular outcome indicator 06-C: effective contribution of the government to the FADeC). The share of LoCAL grants is therefore set to remain stable, or even decrease. The PBCRG will therefore provide additional resources, topping up the Non-Conditional FADeC with a Conditional Grant destined to finance climate change adaptation efforts.

In Phase I, the LoCAL grant accounted for between 7 and 8 per cent of communal budgets on average. However, this share is falling over time as the financing landscape changes and communes mobilize more own resources. The average value of the grant per commune stood at US\$35,000. For Phase II, the proposal is to increase the average value of the grant for two reasons: first, to ensure that the communes have the resources they need to finance adaptation activities and investments (to take account of inflation since the launch of Phase I), and second, to incentivize the communes to integrate climate change adaptation across their planning systems and into all the investments set out in their PAIs. The average PBCRG per commune will therefore be US\$60,000.

Based on the 2021 allocations, the grant would account for between 8 and 12 percent of communal budgets. It is therefore possible to maintain the value of the LoCAL grant relative to FADeC allocations within the target range of 8 –12 per cent. The rationale behind this proposal is as follows:

A- A Non-Conditional FADeC contribution of 10 per cent will allow the communes to make investments on the basis of real allocations specifically earmarked for investment, thereby preventing disruption to the fiscal year.

B- The proposed arrangement builds on and strengthens – but does not interfere with – the national decentralization financing system.

C- The partnership with SP-CONAFIL will provide an opportunity to learn lessons and, over time, determine the additional costs of building climate change adaptation into investments in general, and possibly into different types of investment, thereby allowing the LoCAL “contribution rate” to the FADeC to be adjusted accordingly.

²⁶ The minimum and maximum values include all communes in Benin, including urban communes.

D- From a sustainability perspective, if FADeC allocations increase, the value of the “climate change adaptation” window grant will increase by the same proportion, which will act as a strong incentive.

E- The proposed arrangement will support implementation of the climate change law at the local level (via the decentralization financing channel) on a financially realistic footing.

Lastly, in light of the amounts already received by the communes, all stakeholders agree that the PBCRG should have a stronger incentive effect. This will provide an opportunity to test future arrangements for the FADeC “climate change adaptation” window. The PBCRG will therefore be split evenly between the equalization component and the performance-based component, meaning that the contribution will be largely based on performance.

Formula

$$\text{PBCRG} = 50 \text{ per cent} \times (\text{total LoCAL grant amount}) \times (\text{non-allocated FADeC equalization}) + 50\% \times (\text{total LoCAL grant amount}) \times (\text{APA performance})$$

The calculations will be performed following the APRs and approved by SP-CONAFIL before being submitted to the Technical Steering Committee.

Each year, the entire LoCAL grant amount is allocated to the communes.

7.7 Environmental and social categorization and screening

The proposed activities associated to the adaptation interventions (please refer to Annex IV for the menu of eligible investments) are already aligned with the GCF standard²⁷ on Category risk level C, which covers activities such as:

- Awareness raising and capacity building, advisory services, support for adaptation planning, technical support and institutional strengthening;
- Household-level facilities and production within an already built-up area (basic post-harvest processing, rainwater harvesting, pico- to micro-scale renewable energy, retrofit renewable energy systems and energy efficiency and conservation, smallholder agroforestry, and small-scale climate resilient agriculture); and
- Small-scale rural and urban community-based projects, village-level rural water supply and drainage (including smallholder farm irrigation such as drip irrigation, shallow wells, etc.), rural energy, small-scale infrastructure (including in-situ rehabilitation, upgrading, and maintenance of existing public facilities where waste will not be an issue), small-scale community-based watershed, habitat management and rehabilitation, climate resilient agriculture, soil & water conservation, community forest management activities.

However, since the selection of the communes and related details on the adaptation interventions project's area and other details are pending at this stage, all proposed adaptation interventions and related activities will undergo a mandatory environmental and social screening (ESS) under relevant GCF and FNEC²⁸ procedures before selection for direct funding from PBCRGs.

Please note that where FNEC categorization will differ from GCF categorization of projects based on environmental and social risks, GCF guidelines will prevail.

Even if all adaptation interventions will be under Category C, if the outcomes of the ESS of a

²⁷ GCF, 'Sustainability Guidance Note: Screening and Categorizing GCF-Financed Activities' (2019); and GCF 'Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval' (2018).

²⁸ *Lignes directrices pour l'identification des risques environnementaux et social des projets*, FNEC, 2017 and *Procédures d'évaluation environnementale et sociale des projets ou programmes gérés par le FNEC*, 2017.

specific adaptation intervention will suggest so, a relevant Environmental and Social Management Plan (ESMP) will be developed following the relevant FNEC procedures²⁹.

7.7 Minimum conditions and performance measures

The MCs are intended to assess eligibility for grants and to provide sufficient guarantees that the funds will be managed in an effective, transparent and accountable manner. The PMs are designed to provide incentives.

Communes joining the LoCAL mechanism will receive prior support in preparing their adaptation plans and understanding how the MCs and PMs work, since they will apply from the first year that they join.

As part of the APA, each commune is assessed against the MCs and PMs for the current year (year Y), based on the results of the FADeC audit and its achievements in year Y. The results of this exercise determine the commune's grant for the subsequent year (year Y+1).

The MCs and PMs form the basic structure of the LoCAL approach, building predictability and performance-based incentives into the mechanism. Channelling the funds through the FADeC circuit means it is now possible to align the governance and sound management conditions by establishing a "climate change adaptation" window.

Minimum conditions

Changes are being made to the LoCAL MCs for two reasons:

1. First, Benin has a functioning decentralization and deconcentration policy (the PONADEC), which is implemented via CONAFIL and the FADeC. For this reason, the PBCRG mechanism conditions should be aligned with the national local government financing system.
2. Secondly, Benin's DPs are fully engaged in supporting and financing the decentralization process, and have assisted with structuring the FADeC and developing the relevant standards. The FADeC is now institutionalized and is helping the communes improve their governance practices, finance their investments, and improve the quality of these investments.

CONAFIL and DPs support the long-term goal of integrating climate adaptation into the FADeC (decision of the Cabinet) – a process that requires learning. LoCAL, with the agreement of CONAFIL, FNEC (NIE) and MCVDD/DGEC (NDA), therefore proposes using the FADeC circuit (FADeC Treasury account) to channel PBCRGs. More specifically, the funds will be channelled via the MCVDD allocated FADeC for the selected communes, therefore guaranteeing that the funds will be additional to existing allocations, and ensuring the traceability of funds, and activities and investments. Under this arrangement, the results of FADeC audits can be used to determine whether communes meet the MCs and, therefore, are eligible for the LoCAL PBCRG. Using the FADeC Procedures Manual and audits as the basis for the MCs will both strengthen implementation of the FADeC and avoid the need to create a parallel system and incentives.

The MCs, as proposed below, are broadly aligned with the performance indicators used by DPs (especially the EU) in the political dialogue with the government and in monitoring their financial support, and therefore ensure continuity for the communes. The proposed MCs are as follows:

- **Availability of FADeC transfers: the availability of FADeC funds in the Communes' Public Accountant Treasury bank account** is one of the indicators monitored by the EU as part of its budget support.
- **Government contribution to the Non-Conditional FADeC: this indicator, which is taken from the PONADEC monitoring and evaluation framework (outcome indicator 06-C),** is designed to ensure a steady increase in the general State budget contribution to the FADeC, to

²⁹ *Procédures d'identification des mesures d'atténuation des impacts des projets et programmes et d'élaboration d'un plan de gestion environnementale et sociale.* FNEC, 2017

reduce the FADeC's dependency on foreign aid.

- **Effectiveness of enhanced verifications and inspections:** this indicator, which supplements the PONADEC indicators, is intended to ensure that **the three types of inspection provided for in the FADeC Procedures Manual are carried out effectively (annual IGF/IGAA audit, external technical inspection of activities and investments, and enhanced verification and inspection)**. The aim, in including this condition, is to **emphasize the quality of activities and investments and to investigate issues and inadequate practices**.
- **Prefecture's supervisory post fill rate:** this indicator is designed to ensure that the **prefectures and deconcentrated government departments are adequately staffed to be able to provide assistance and advice. It supplements the PONADEC indicators**.
- **Assigned appropriations (prefecture and devolved government departments):** devolved departments require funding so they can **support decentralization and operate the Commune Support Teams** via the Annual Advisory and Counselling Programs (PAACs), which are managed by the prefectures. This idea behind this indicator, which is taken from the PONADEC monitoring and evaluation framework (outcome indicator 06-C) and is also tracked by DPs, is to ensure an increase in assigned appropriations (appropriations for commune assistance and advice).
- **Maintenance expenditures as a share of the communal budget:** the review of communal administrative accounts found that the communes do not allocate enough resources to infrastructure maintenance and repair. This indicator is taken from the PONADEC (outcome indicator 09-C). KfW Development Bank will maintain this effort through its ongoing support for the PONADEC and the FADeC.
- **Gross savings:** this indicator is intended to increase the communes' cash flow **and reduce their financial dependency on the government and DPs**.
- **Mobilization of own revenues:** this indicator is designed to **track the communes' progress towards greater financial independence. Mobilization is supported by devolved agencies** (Centre des Impôts des Petites Entreprises [Small Business Tax Office – CIPE] and Recette Auxiliaires des Impôts – [Auxiliary Tax Office – RAI], but this requires the commune to work with the agencies in question. The government has issued an order establishing a new “tax revenue mobilization partnership agreement” – an annual agreement between the mayor and the local tax office, signed at the start of the fiscal year, setting out the parties' reciprocal obligations, the means and resources, the expected outcomes, and the evaluation arrangements. The agreement serves as the basis for the commune's revenue programming. Records show that most communes that have signed and implemented an agreement of this type have collected more tax.

Phase II therefore includes a simplified set of MCs that are easier for all stakeholders to understand, and that emphasize complementarity with the existing indicators of PONADEC and those used by DPs.

Economic and administrative governance – Source: FADeC resource management audit

In accordance with Art. 11 11 of decree no. 2008-276 of 19 May 2008 establishing the FADeC, the communes undergo annual audits by IGF and IGAA to examine how well they are managing their resources, including FADeC resources. These audits assess whether the communes are adhering to standards and best practice in a range of areas, including procurement, contract performance, public financial management and local administration. The content of the audits is specified in decentralization laws and regulations, in the FADeC Procedures Manual, in the decree on public accounting, and in the Code des Marchés Publics [Public Procurement Code] and its implementing decrees. In 2018, the audits covered 114 separate items relating to management standards and best practice, and the number of items increases each year to raise management standards at the communal level.

The SP-CONAFIL rates the performance of each commune based on the findings set out in its audit report, and determines the rate of compliance with standards and best practice per commune and for all communes together.

The EU uses this compliance rate as a representative measure of communal performance. SP-CONAFIL assesses performance using a selection of some of the items covered in the audit (the

number of items is steadily increasing, as is the number used to calculate the performance score). For Phase II, the plan is to combine these two approaches to guarantee good governance in its broadest sense (compliance rate) and in specific areas (performance in the four categories).

PDC implementation

PDCs are intended to guide the communes in preparing their PAIs. The PAIs and associated budgets must therefore address the priorities set out in the PDCs (LoCAL will help the communes prepare their PDCs, including integrating climate change adaptation). The communes prepare their PDCs by following the PDC preparation guide, and implement them in accordance with relevant budgeting and administrative account standards. It is therefore important to ensure that the PDCs and the PAIs (and the associated investment budgets) are consistent, and that the PBCRG-financed adaptation measures are included in the PAIs.

MC 1. The commune's PAI is aligned with its investment budget, and at least 60 per cent of the PAI corresponds to the activities and investments identified in the PDC. Source: FADeC resource management audit

MC 2. The PAI includes designated "climate change adaptation" activities and investments, and the total amount allocated to these activities and investments is greater than or equal to the amount of the LoCAL grant. – Source: LoCAL evaluation

Communal governance

Each year, the communes undergo a FADeC audit. The annual audit reports contain recommendations on improving fund management, plan implementation and citizen accountability. The communes are required to action these recommendations by taking appropriate corrective measures.

MC 3. The commune has taken corrective measures to address at least 50 per cent of the recommendations in the previous year's FADeC audit report.

MC 4. At least 80% of PBCRG on current fiscal year have been engaged with a 100% execution rate of previous years allocations.

M 5. The commune has validated a management and maintenance plan for the investments and works carried out and financed by LoCAL PBCRG.

Performance measures

The LoCAL PMs are intended to incentivize the communes to integrate climate change adaptation into development planning, investment programmes and investment design. They also serve two other purposes: first, ensuring that the communes comply with existing environmental conservation standards in Benin,

and second, making sure that communities participate fully in setting adaptation priorities, selecting and making investments, and monitoring the impacts of these investments (beneficiaries – youth and gender, employment, job and business creation).

The PMs foster healthy competition – a process that starts with publication of the FADeC performance scores – and act as an incentive for the communes, which sit at the centre of the LoCAL mechanism. The performance-based component of the LoCAL grant is awarded to the communes according to their relative performance (i.e. their performance when compared against the performance of all communes taken together).

In Phase I, the regular APA exercise provided important insights into capacity gaps in climate change adaptation and local public financial management, and spurred efforts in this direction.

Changes have been made to the performance framework for Phase II to facilitate and prepare for the creation of the FADeC “climate change adaptation” window. The PMs have been revised to reflect the results of the Phase I APAs and to take account of the difficulties faced by the communes.

The PMs are intended to incentivize the communes in the following areas:

1. Retention and use of agro-climatic and meteorological data for climate change risk and vulnerability assessments.
2. Use of assessments in planning.
3. Budgeting of climate-adaptive investments.
4. Use of data to specify and cost activities/investments.
5. Citizen participation in decision-making, implementation and accountability, especially women and youth.

The communes still lack the capacities necessary to carry out risk and vulnerability assessments and prioritize investments accordingly. Although the third-generation PDC preparation guide calls on the communes to integrate climate change adaptation into their planning systems, it does not provide guidance or a method for carrying out risk and vulnerability assessments and prioritizing investments. The communes and deconcentrated government departments therefore require technical assistance to help them carry out these assessments, identify the resulting adaptation priorities, and make the necessary investments. At the planning stage, the communes will define monitoring indicators for activities and investments, along with an adaptation benefit indicator and the scope of this indicator (territory or population). Doing so will make it easier for them to apply the ACCAF and adopt standardized methods.

The communes need to purchase meteorological data or the equipment necessary to collect this data themselves. LoCAL grants are not intended for this purpose. This barrier must be overcome. The country’s network of weather stations belongs to Météo Benin, the national meteorological service, which comes under the authority of the Ministère des Infrastructures et des Transports [Ministry of Infrastructure and Transport – MIT]. LoCAL has been granted use of the data free of charge. However, the data still needs to be collected regularly to inform decision-making, on top of the risk and vulnerability assessments that the communes will need to carry out so they can prioritize their investments. The communes therefore require targeted capacity-building and access to meteorological data. LoCAL has planned to purchase equipment and train staff (as recommended in the mid-term evaluation report for the UNDP project “Strengthening Climate Information and Early Warning Systems to Support Climate Resilient and Adaptive Development”).

The PMs should lead to more robust feasibility studies (as in the case of Banikoara) and enable the communes to draw up more detailed costings for their activities and investments, thereby reducing the risk of activities being suspended prior to completion. The revised PMs also reflect the wishes of SP-CONAFIL and the DPs supporting the FADeC, who are keen to ensure that communes integrate climate change adaptation into their investment specifications.

The PMs should also ease the process of applying the ACCAF, since the communes will need to define activity completion indicators that measure the expected adaptation benefits for given segments of the population. Likewise, the new approach should increase community participation.

The programme may pay for access to weather forecasting services or source meteorological data from local Météo Bénin stations on behalf of the communes. The communes will be responsible for storing the data and feeding it into a risk and vulnerability assessment model, using the results to prioritize their investments in their PDCs and PAIs.

The communes will be expected to employ citizen participation methods as part of the investment prioritization process, while remaining aligned with national sectoral policies (allocated FADeC).

The communes will need to carry out a feasibility study for each proposed activity and investment, including climate change adaptation, environmental and social aspects (as specified in section 7.7 *Environmental and social categorization and screening* of this document), using the exercise to determine the technical and implementation arrangements (community contracting, procurement) and costings.

Area	Criteria	Evaluation criteria	Score
CLIMATE CHANGE DATA	<p>PM 1</p> <p>The commune collects or receives and stores data on the evidence of climate change in the local area (rainfall, length of dry seasons, wind speed, temperatures, extreme weather events, etc.)</p>	<p>1. Communes will record meteorological and climatic data obtained from the Benin Weather Agency and other agencies and/or recorded by meteorological stations; according to a format defined with the Technical Steering Committee.</p> <p>2. The municipality will also collect information concerning extreme events on its territory, in particular from villages, associations, NGOs, projects or the population.</p> <p>3. Capacity development work on the processing of meteorological and climatic data, including the events listed on the territory, and their use by the municipalities, will be implemented with the assistance of UNCDF.</p> <p>4. The municipality will use the information collected and saved to improve / update its analyzes of risks and vulnerabilities and which will allow it to integrate adaptation into its development priorities (choice of activities and investments and feasibility studies of investments). Tools for risk-informed decision support will be implemented with the assistance of UNCDF.</p> <p>The annual update is recommended (under the control of the municipality) and a new one every 3 years (under the control of the State / PTF).</p> <p>The assessment will focus on:</p> <p>1. The completeness of the meteorological and climatic data register (with reference to the format) on the basis of the measurements carried out for the department and / or by a local weather station (temperatures, precipitation);</p> <p>2. Collecting information on extreme climatic events (floods, drought episodes involving reseeding, shift in the rainy season, violent winds)</p> <p>3. Analysis of the vulnerabilities of the territory, its ecosystems (e.g. water and soil resources) and socio-economic sectors to climate change.</p> <p>4. Analysis of the groups most vulnerable to climate change; with a priority for women, children and households already exposed to food insecurity.</p>	<p>1=5pts</p> <p>2= 5pts</p> <p>1+2+3=15</p> <p>1+2+4=15</p> <p>1-4=20</p>

Area	Criteria	Evaluation criteria	Score
	<p>PM 2</p> <p>The local development plan or the local land use plan take into account analyses of risks and vulnerabilities and follows a prioritization of adaptation actions, according to the principles of participation in the CDP Development Guide.</p>	<p>The aim here is to ensure that the work of CP1 gives rise to adaptation integration work that verifies the relevance of the investment priorities and their specifications (sizing, location) before the feasibility studies.</p> <p>LoCAL will support the development of an annex to the PDC development guide to guide municipalities.</p> <p>The assessment will focus on:</p> <ol style="list-style-type: none"> 1. Verification of the relevance of adaptation priorities based on the data; 2. The effective participation of representatives of villages and vulnerable groups in this review of priorities and concrete actions. 	<p>10</p> <p>1=5pts 1+2=10pts</p>
INTEGRATION OF ADAPTATION INTO BUDGETS	<p>PM 3</p> <p>The Annual Investment Program (PAI) includes duly funded adaptation measures</p>	<p>The PAI includes activities and investments for which adaptation benefits are defined in the form of indicators, with an exhaustive costing of activities and investments and, if possible, additional costs.</p> <p>This encryption can take the form of:</p> <ol style="list-style-type: none"> 1- Taking into account adaptation to climate change in the sizing of infrastructures and the additional cost generated 2- Taking into account specific adaptation measures for other activities related to the production and preservation of natural resources, and the additional cost generated <p>The application of these criteria is not limited to investments financed in whole or in part by an SBPRC grant. The use of SBPRC is not limited to overhead. The grant is used for activities whose entire funding is provided by the LoCAL grant.</p> <p>The assessment will focus on:</p> <ol style="list-style-type: none"> 1. The existence of performance monitoring indicators 2. The existence of indicators measuring the expected benefit(s) of adaptation and the beneficiary population 3. The costing of the activity/investment taking into account the reports of the technical feasibility studies 4. Effective coverage of the PAI by the budget 5. The effective coverage of the Investment Maintenance Plan in the municipal budget. 	<p>1=5pts 2= 5pts 3=3pts 4=2pts 5=5pts 1-5=25</p>

Area	Criteria	Evaluation criteria	Score
COMMUNITY PARTICIPATION	<p>PM 4</p> <p>The commune organizes a restitution of adaptation activities with civil society to assess the effects and define priority actions in the future PAL.</p>	<p>The aim here is to improve citizen participation (communities, NGOs, associations, village chiefs and vulnerable groups) and the interest of the parties to implement useful actions. The participation of the populations in the analysis (CP2) is decisive, but also their participation in the monitoring of the execution and the effects for the beneficiaries of the actions in favor of adaptation to CC.</p> <p>1. Monitoring will be done on the basis of</p> <ul style="list-style-type: none"> - Indicators for monitoring the achievements and expected benefits of adaptation - Number of beneficiaries of each activity, gender and age. <p>2. The assessment of participation will be based on the level of representation and direct participation, taking into account:</p> <p>1. Associations, village chiefs and representatives of groups (women, young people)</p> <p>2. The level of information on adaptation efforts measured on a sample of the population.</p>	<p>1=10</p> <p>1+2=20</p>
INTEGRATION OF THE CLIMATE CHANGE FACTOR INTO THE DESIGN OF COMMUNAL INVESTMENTS	<p>PM 5</p> <p>Investments projects documents for adaptation interventions take account of climate change and environmental impact considerations.</p>	<p>The following aspects are considered at the investment feasibility study stage:</p> <ul style="list-style-type: none"> - requirements to address the potential impacts of climate change - the additional costs associated with addressing climate change adaptation - respect for the environment and communities through an environmental and social impact assessment (ESIA) in accordance with the provisions of the Beninese Environment Agency <p>The assessment will focus on the following aspects:</p> <ol style="list-style-type: none"> 1) At the pre-feasibility stage, communal investment projects consider community needs and the positive and negative impacts of the investments (including works) on communities. 2) The related technical specifications consider climate change. 3) At the feasibility stage, communal investment projects are costed, including the additional costs of making investments resilient (e.g. climate-proofing), and these costings serve as the basis for decision-making. 4) The implementation arrangements are determined: community contracting (International Labour Organization (ILO) standards), procurement. 5) At the feasibility stage, communal investment projects minimize environmental risks in line with the guidance on impact assessments as described in section 7.7. of this document. 	<p>25</p> <p>1=5pts 2= 5pts 3=3pts 4=2pts 5=5pts 1-5=25</p>

Area	Criteria	Evaluation criteria	Score
EVALUATION OF INFRASTRUCTURE PROJECTS	PM 6 Compliance of tasks carried out with technical and usage specifications	<p>Here, the aim is to ensure that:</p> <ol style="list-style-type: none"> 1. Investments have been committed or made 2. Their execution complies with the specifications 3. Execution of investments is in line with planned costs 4. The execution of investments is in accordance with the schedules provided for in the contracts (make the attributable part and make the share of the other factors) 5. The location of each investment conforms to the defined location* <p>* Geolocation makes it possible to visualize the location of FADeC achievements on a map, a tool for audits and other checks. See “Kobo Toolbox” type open source application.</p>	<p>20</p> <p>1=4pts 2= 4pts 3=4pts 4=4pts 5=4pts 1-5=20</p>
	PM 7 Compliance with standards and good management practices results in a municipal score at least equal to the average for each component. Source: Audit of FADeC resource management previous year. This condition is based on the performance indicator agreed between Benin and the EU. It ensures that LoCAL municipalities implement high-quality, progressive global governance.	<p>This criterion is based on the performance indicator agreed between Benin and its TFPs, including the EU. It aims to encourage the improvement of the management of municipalities, their planning, budget and execution, including revenue; condition of the sustainability of plans and investments. It is therefore a question of supporting a global governance of quality, and in progress.</p> <p>Source: Audit of FADeC resource management.</p> <ol style="list-style-type: none"> 1- If the mark relating to the functioning of the organs (deliberative and executive) and of the municipal administration is at least equal to 50% 2- If the score relating to the procurement and execution of public orders is at least equal to 50% 3- If score relating to traceability and reporting of information is at least equal to 50% 4- If score relating to finances is at least equal to 50% 	<p>20</p> <p>1=5 2=5 3=5 4=5 1-4=20</p>
	PM 8 The commune ensures the proper functioning and maintenance of the investments made with LoCAL funding.	<p>It is a question of verifying that the investments made are functional (current use by the commune and/or the beneficiaries) and maintained (by the commune and/or the beneficiaries)</p> <p>This is to ensure that:</p> <ol style="list-style-type: none"> 1. Investments are functional, i.e. used for their purpose 2. Their maintenance is ensured according to an agreement between the municipality and the users 3. Maintenance operations have been carried out 	<p>20</p> <p>1=7 2=7 1+2=14 1-3=20</p>

Area	Criteria	Evaluation criteria	Score
	TOTAL	160	

7.9 Menu of eligible activities and investments

The menu of eligible investments (please refer to Annex IV) has been adjusted to reflect the experience in the nine communes involved in Phase I. The menu has been revised to clarify the adaptation interventions and associated activities and to bring it in line with national priorities (PND, NDC and TNC “Evaluation of vulnerability and climate change adaptation in the agricultural sector”). The menu is also aligned with the ACCAF developed for LoCAL by UNCDF and WRI. The revised menu is designed:

- to be more educational and serve as a call to action
- in such a way that the PBCRG-funded investments/activities should input into climate change adaptation investments at the national level
- to link with existing climate change scenarios for Benin
- to promote innovative approaches to climate change adaptation interventions that are more similar to “conventional” development interventions.

The Menu of eligible investments for LoCAL Phase II in a separate annex.

The communes will select activities and investments based on the results of the risk and vulnerability analysis (method developed by LoCAL). These assessments have also benefited from the Programme d’Appui au PDG et Fond Cartographique funded by the EU (Global Climate Change Alliance – GCCA).

7.10 Annual performance review

The APA is an annual exercise to review the quality of LoCAL initiative implementation and guarantee performance in terms of governance and climate change adaptation. The results serve as the basis for calculating grants.

The APA assesses whether the MCs are met in preparation for the coming year, and reviews the PMs to determine the next year’s grant.

It is also a learning exercise designed to promote better integration of climate change adaptation into planning, investment programmes and investment design.

The APA is used to collect information on adaptation priorities and achievement and impact indicators (aligned with the ACCAF).

The APA timetable is shown below:

Table 5: APR timetable

From the first year Commitment-based APA
Phases <ol style="list-style-type: none"> 1. Timetable shared with the selected communes in year Y-1. 2. Updated PDCs or adaptation programmes obtained from the communes for year Y. 3. Funds disbursed for year Y-1 (November). 4. FADeC audit for year Y-1 carried out in August of year Y (ending in late September, scores published on 31/12, allocations determined in November). 5. APAs carried out between September and October in year Y (MCs for year Y-1 and PMs for year Y).

The extension of LoCAL from 9 to 25 communes will increase the scale of the APA exercise. The following proposals are made in the interest of neutrality, quality and timely availability of data:

- Develop a new APA manual based primarily on the new LoCAL MCs and PMs, make the manual directly applicable for both the communes (to help them prepare for the reviews) and the evaluators (with clear criteria and scores), and standardize reports while leaving room for commune-specific information.
- Train inspectors and auditors involved in FADeC inspections and audits and recruit them as evaluators.
- Fund the time-cost of the FADeC inspectors participating in the LoCAL APAs (estimated at two days) and provide specialist support (e.g. from engineers trained in climate change and the LoCAL mechanism).
- Arrange coaching (joint review of several communes with the FADeC) and independent quality assurance.
- Set up an archiving system to provide direct access to all supporting evidence for each commune.

The proposed arrangements for transferring responsibility for running the APA exercise to national experts are outlined in the capacity-building section below.

7.11 Capacity-building approach

LoCAL emphasizes the importance of building local government capacities in, and understanding of local climate issues, local adaptation planning, budgeting and financial management, and implementation and monitoring.

Phase I revealed additional capacity-building needs among the communes, devolved departments and central government ministries. SP-CONAFIL and FNEC have also requested capacity-building, on addressing climate change adaptation and LoCAL monitoring respectively.

Integrating climate change adaptation will involve providing support to the communes and devolved government departments, through training, decision-support tools, sample technical specifications for investments, costing methods and guidance on use of the menu of investments. Capacity-building will focus on:

1. Delivering training on climate change and International Organization for Standardization (ISO) environmental standards to the communes, devolved government departments and SP-CONAFIL, in partnership with CeFAL.
2. Carrying out commune risk and vulnerability assessments or better systematize existing climate information, using simple tools that the communes will keep.
3. Prioritizing investments, preparing activity programmes and updating PDCs with investment annexes, eventually leading to the creation of an annex to the PDC preparation guide.
4. Assisting the communes in updating their PDCs to integrate climate change adaptation.
5. Updating menus of activities to include explanations, rationales and costings of adaptation measures, to achieve closer alignment with allocated FADeC investments.
6. Developing an activity and investment costing methodology that includes adaptation.
7. Monitoring outcomes.
8. Helping the communes prepare for APAs and training national teams to carry out APAs.
9. Implementing the ACCAF.
10. Training the communes to develop bankable projects.

Capacity-building will be delivered at three levels:

National level:

The main focus at the national level will be on building the capacities of MCVDD/DGEC, SP-CONAFIL and FNEC to better integrate climate change adaptation into communal plans and budgets and to coordinate with line ministries. As a GCF-accredited entity, FNEC will be eligible for post-accreditation support from GCF.

All of these stakeholders will also receive support from the National Adaptation Plan Global Support Programme (NAP-GSP), implemented by UNDP. However, this project is limited in scope and duration and its main focus will be to consolidate planning best practice and the risk and vulnerability assessment methodology. CONAFIL and MCVDD/DGEC will require institutional strengthening support to assist with the scaling-up of LoCAL from 9 to 30 communes, which will result in a growing oversight and coordination workload.

Likewise, wider deployment of the initiative will involve more commune and department monitoring work, as well as the capacity to manage the institutionalization of LoCAL ahead of Phase III.

Estimated need	One international consultant to support DGEC/CONAFIL/FNEC, full time.
----------------	---

Deconcentrated/departmental level:

At this level, capacity-building will focus on improving coordination between sectors to help the communes identify and implement adaptation responses, and to cascade climate-adaptive sectoral policies down to the decentralized level.

This support is directly linked to implementation of the climate change law, which requires line ministries and devolved departments to integrate climate change adaptation. It should also help the departments learn lessons from the LoCAL initiative and make relevant adjustments to PDC preparation guides and other methodological tools, as well as to menus of eligible activities. Different menus could be proposed for each region or department to take account of local agro-climatic conditions.

Estimated need	Climate change, decentralization/local development and methodology support, calculated in no. of working days Estimate: 15–20 days per quarter (60–80 days per year).
----------------	---

Communal level:

Past LoCAL experience has shown that the communes require three types of support:

1. Accessing and analysing meteorological data: following a successful trial, a risk and vulnerability assessment will be completed, covering each agroecological zone. The results of the assessment will feed into a decision-support tool for the communes, based on local meteorological and topographic data.
2. Participatory planning and budgeting.
3. Selecting innovative activities that address community needs and generate opportunities for the population. While guidance is provided in the menu of eligible investments, this guidance will need to be applied in practice by the communes and local populations. This will require substantive work, most likely with specialist support (e.g. improved stoves, certification of protected reforested areas, permaculture, etc.).

Estimated need	1. 60 days per year per target per region 2. Purchase of micro weather stations
----------------	--

Cross-cutting capacity-building will also be required for APAs. The aim of these exercises is to review performance and assess the capacity-building needs of the communes. The APAs inform dialogue between the three levels of the LoCAL initiative, and with other DPs. In light of these aims, the APAs must be conducted independently and produce data that can be used to complete the ACCAF.

The plan, over time, is to gradually transfer responsibility for carrying out APAs to national experts. Responsibility will be “cascaded” down to these national experts, with international experts initially supporting them in carrying out APAs for two communes and monitoring the quality of the reports they produce.

1. Preparation ahead of the APA: reviewing the manual and literature, selecting investments for inspection, preparing report templates.
2. Preparation of the communes.
3. Role of the Technical Steering Committee.

Estimated need	- National experts from government: 20 people per year x 2 days of training per year = 40 days per year + 2 days of joint reviews in the 30 communes = 400 days
	- International and national consultants: 45 days of support (15 days of training and joint reviews, 30 days of quality assurance)
	- Archiving specialist to arrange optimal filing of all documents and records produced

7.12 Risks and assumptions

Assumptions

Assumptions	Supporting measures
Decentralization is a priority for Benin, as confirmed in the PONADEC.	Mobilization of FNEC, DGEC and SP-CONAFIL.
Climate change adaptation is a priority for Benin.	Benin has defined its national priorities and international commitments. Support from LoCAL is contributing to implementation of these priorities and commitments.

Risks and mitigation measures

Risks	Mitigation measures
The FADeC and SP-CONAFIL will develop a separate window for climate change adaptation.	Institutionalization of the mechanism through its integration into national systems is one of the outcomes of LoCAL Phase II. The support provided, and the dialogue between FNEC, DGEC, SP-CONAFIL and DPs, contribute to improving and sustaining the mechanism.
Transfers from the FADeC to the communes are reduced or delayed.	LoCAL is designed to provide additional finance to the communes. It is not dependent on the FADeC. However, it is unlikely that the grants received by the communes will reduce because they are subject to agreements between the government and DPs. Also, the FADeC uses a ring-fenced Treasury account.
The government has institutional capacities within central ministries and agencies, but capacities are limited in the regions and departments.	LoCAL includes plans for capacity-building at the regional and departmental level, and for a cooperation agreement with devolved government departments.

7.13 Duration

Phase II is planned to last for five years and start laying the ground for institutionalization and full scale up.

