DELEGATION of the EUROPEAN UNION

BANGLADESH

STUDY ON THE ABSORPTION CAPACITY OF LOGIC

Specific Contract No 2019/410434
FWC (SIEA) 2018 – Lot 1

FINAL REPORT

March 2020

Team composition:

Expert in Climate Change Adaptation and Climate Finance: Casper Van der Tak

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<td>Assessing Climate Change Adaptation Framework</td>
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<td>BCCRF</td>
<td>Bangladesh Climate Change Resilience Fund</td>
</tr>
<tr>
<td>CCA</td>
<td>Climate Change Adaptation</td>
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<tr>
<td>CDMP</td>
<td>Comprehensive Disaster Management Programme</td>
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<td>CRA</td>
<td>Community Risk Assessment</td>
</tr>
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<td>CTCN</td>
<td>Climate Technology Centre and Network</td>
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<tr>
<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<td>DPP</td>
<td>Development Project Pro-forma</td>
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<td>DRR</td>
<td>Disaster Risk Reduction</td>
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<td>EU</td>
<td>European Union</td>
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<td>FYP</td>
<td>Five-Year Plan</td>
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<td>GCF</td>
<td>Green Climate Fund</td>
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<td>GoB</td>
<td>Government of Bangladesh</td>
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<td>HHRRAP</td>
<td>Household Risk Reduction Action Plan</td>
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<tr>
<td>LDP</td>
<td>Local Development Plan</td>
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<td>LDRRF</td>
<td>Local Disaster Risk Reduction Fund</td>
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<td>LGD</td>
<td>Local Government Division</td>
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<td>LGSP</td>
<td>Local Government Strengthening Project</td>
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<td>LoCAL</td>
<td>Local Climate Adaptive Living Facility</td>
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<td>LoGIC</td>
<td>Local Government Initiative on Climate Change</td>
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<td>M&amp;E</td>
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<td>MLGRDC</td>
<td>Ministry of Local Government, Rural Development &amp; Cooperatives</td>
</tr>
<tr>
<td>NDC</td>
<td>Nationally Determined Contribution</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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Study on the absorption capacity of LoGIC

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>PBCRG</td>
<td>Performance-Based Climate Resilience Grants</td>
</tr>
<tr>
<td>PMU</td>
<td>Project Management Unit</td>
</tr>
<tr>
<td>RRAP</td>
<td>Risk Reduction Action Plan</td>
</tr>
<tr>
<td>SIDA</td>
<td>Swedish International Development Cooperation Agency</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UP</td>
<td>Union Parishad</td>
</tr>
<tr>
<td>UPGP</td>
<td>Union Parishad Governance Project</td>
</tr>
<tr>
<td>UZGP</td>
<td>Upazila Governance Project</td>
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Local Government Initiative on Climate change (LoGIC) is designed to support approximately 200,000 most vulnerable households based in hard to reach areas in 72 unions in 7 districts of Bangladesh. The programme will enhance the capacity of vulnerable communities, local government institutions and civil society organisations for planning and financing climate change adaptation solutions in selected climate vulnerable areas. By achieving the objectives and results, the project will contribute to the reduction of poverty and climate vulnerability in Bangladesh. This is expected to produce following results:

- Strengthened capacity of vulnerable people and local stakeholders for accountable planning and financing on Climate Change Adaptation (CCA)/Disaster Risk Reduction (DRR) actions for building resilience;
- Enhanced access of Local Government Initiatives (LGIs) and vulnerable households to climate funds have for climate resilient infrastructures and adaptive livelihoods;
- Established evidence based advocacy for a mechanism for "financing local resilience".

The assignment aims to provide recommendation on a possible amendment to the duration and budget of LoGIC. Methods used in the assignment are document reviews and interviews with project stakeholders. The table below presents a detailed list of questions and sub-questions used during the assignment, including the questions and sub-questions listed in the TOR and those derived from the GCF investment criteria¹ and sections of the GCF funding proposals.

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Table 1: Research questions and method

<table>
<thead>
<tr>
<th>Questions</th>
<th>Method</th>
</tr>
</thead>
</table>
| **Q1:** As a mechanism, is LoGIC ready to receive a top-up? | **Review of project documentation and project reports.**  
▪ Review of project documentation and project reports.  
▪ Interviews with project staff and stakeholders. |
| ▪ Analysis of how LoGIC performs vis-à-vis GCF investment and project assessment criteria. | |
| ▪ Projection of how LoGIC could perform in the future, vis-à-vis GCF investment and project assessment criteria. | |
| ▪ GCF Investment criteria: | |
| ‧ *Impact potential* – Contribution to increased climate-resilient sustainable development. | |
| ‧ *Paradigm shift potential* – scaling up and replication, knowledge and learning, creation of an enabling environment, contribution to the regulatory framework and policies. | |
| ‧ *Sustainable development potential* – environment, social, economic, gender. | |
| ‧ *Needs of the recipient* – vulnerability of the country, vulnerable groups and gender aspects, absence of alternative sources of financing, need for strengthening institutions and implementation capacity. | |
| ‧ *Country ownership* - existence of a national climate strategy, coherence with existing policies, capacity of accredited entities or executing entities to deliver. | |
| ‧ *Efficiency and effectiveness* – financial adequacy and appropriateness of concessionality, expected economic and financial internal rate of return, financial viability in the long run, application of best practices and degree of innovation. | |
| ▪ Incorporation of lessons learnt from earlier projects and interventions. | |
| ▪ Alignment with government policies and programs. | |
| **Q2:** If yes to Q1, how many millions reflect the current absorption capacity? If more than one option is envisaged, please list all of them. | **Review of project documentation and project reports.**  
▪ Review of project documentation and project reports.  
▪ Interviews with project staff and stakeholders. |
| ▪ What are the main scenarios for LoGIC’s future to be considered, also taking into account the suggestions made in the TOR? | |
| ▪ For each of the scenarios considered, what is the absorption capacity of funding that could be could effectively and efficiently contribute to climate resilience? What are the main bottlenecks? | |
| ‧ Analysis of the main processes of LoGIC. | |
| ‧ Opinions of project staff and stakeholders. | |
| ‧ Experiences from other projects on which LoGIC builds. | |
| ‧ Experiences from other adaptation projects at the GCF. | |
| **Q3:** In light of the options defined under Q2, what specific changes can be undertaken to improve the current system? | **Review of project documentation and project reports.**  
▪ Review of project documentation and project reports.  
▪ Interviews with project staff and stakeholders. |
| ▪ SQ1: Without an increase to project staff, how could a top-up improve project outcomes? If any, what sort of staff should be added to the project (e.g. NGOs Upazila Facilitation Coordination, project engineer, advocacy experts, innovation officer, etc.)? | |
| ▪ SQ2: According to each option suggested under Q2, how does the amount of project beneficiaries and households increase? | |
| ▪ SQ3: In case of a geographical extension of the project, how many wards, upazilas or unions can be integrated according to each option? Which ones are the most appropriate ones? | |
| ▪ SQ4: Shall a component for advocacy for Risk Financing (insurances, innovative instruments, policy advocacy, and blended finance) be included? | |
| ▪ SQ5: Shall a private sector component be added ("Marketplace")? | |
| ▪ SQ6: If any, shall existing capacity deficiency of the staff be addressed? If so, how? Is it preferable through specific external courses or through a training centre for the staff internalised in the project? | |
Executive Summary

Questions

- SQ7: How could the bankable schemes related to PBCRG be improved?
- SQ8: How could advocacy activities reach more citizens (also beyond project catchment area)? What percentage of the budget could be dedicated to such activities? Is this investment worth?
- SQ9: With a view to bringing more innovation to the project, which other activities should be implemented or modified? How?
- In addition, for each of the options developed under 2 and incorporating recommendations developed under 3, a budget proposal will be developed, reflecting the assessed optimal implementation of the option.

Conclusions

The main conclusions of the assignment are:

- LoGIC is **mature and ready for a top-up**. It is a promising approach to the climate change adaptation problem that has a large potential as a climate finance project and to be mainstreamed into government policies. However, its climate change narrative and **core processes should be strengthened**. For these reasons, we advocate a **modest top-up** during a 2 year period in which the core processes of LoGIC can be fully optimized. In this context, core processes mean 1) conducting climate risk assessments through bottom-up and top-down approaches, 2) formulating climate risk reductions plans at the community and household level, 3) mainstreaming climate change adaptation into local development and investment planning, 4) supporting community level and household level investments and activities to enhance climate resilience, 5) ensuring that the supported household level resilience investments contribute to the climate resilience of the community as a whole, and 6) monitoring and learning about the effectiveness of the supported measures so that over time increasingly effective solutions are supported.

- Based on these findings, it is important to design a scenario for the top-up that focuses on the core issues and does not dissipate focus into new issues. Furthermore, we found that:
  - **Efficiency** could be strengthened by including *concessional loans* under the CRF;
  - There is a **perceived inequity** in the allocation of support under the CRF, in that either people get a significant amount of grant support, or no support at all. This could be addressed by creating different classes of eligible beneficiaries, each of which will receive different amounts and types of support;
  - Considerable efforts have been made to **sensitize local officials** on the need for climate change adaptation and the **differences between climate change adaptation and development projects**;
  - It was often mentioned that **amounts of support needed to be increased**, for more effective and efficient climate change adaptation support. This could for example be achieved through increased CRF contributions to more effectively create alternative livelihood options and increase resilience through more diverse livelihoods.

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2 An example would be that livelihood options that are more stable against e.g. droughts would contribute to community food security during a drought event; or that trees planted as part of a livelihood option of a household function as a shelterbelt of the whole community.
Based on these considerations and the need to consolidate the core processes of LoGIC, an alternative to the 4 scenarios in the TOR was created, the **core consolidation scenario**. The key assumptions of the core consolidation scenario are summarized in Table 2 and elaborated below:

**Table 2. Summary of the core consolidation scenario**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Scenario design</th>
</tr>
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<tr>
<td>Extension</td>
<td>Two years (2021 and 2022)</td>
</tr>
</tbody>
</table>
| Geography | ▪ Same districts, Upazilas and UPs  
▪ Additional wards |
| Staff | 7 additional staff in the districts |
| Salaries | + 25% (per person) |
| Consulting budget | 1.5 million US$ |
| PBCRG | 4.5 million US$ |
| CRF | ▪ Additional household beneficiaries (somewhat less vulnerable)  
▪ More instruments – concessional loans next to grants |

- Extension for 2 years, i.e. 2021 and 2022, focusing on the “core processes”.
- Focus on the same districts, upazilas and UPs as before.
- Increase in number of wards covered in the CRF.
- PMU and district/field-based staff increased with 7 in the districts to cover increased workload.
- Salaries of PMU and district/field-based staff: proposed to be increased by 25%. Because of a lack of data, for projection purposes top salaries in the banking sector of Bangladesh have been used\(^3\) as average for the PMU and district staff.
- The consultancy budget has been modified to 1.5 million US$. Section 4.2 elaborates on the scope of services and the method to use the consultancy budget.
- PBCRG budget stays the same as before but will be divided over 2 years.
- Existing CRF beneficiaries get an opportunity to take out a concessional loan, average concessional loan size 350 US$, assumed that 50% will take this loan for further diversification of sustainable livelihoods.
- Two classes of additional CRF beneficiaries:
  - 8500 households that are next to original beneficiaries in terms of vulnerability (not the most vulnerable, but still extremely vulnerable), grants of on average 350 US$;
  - The next 8500 household, not extremely vulnerable, but very vulnerable. Support through concessional loans of on average 350 US$. It is assumed that 50% of the target population will accept this concessional loan.

Executive Summary

- Seven more staff have been included in the project (district based), and a salary increase has been proposed (see however Section 4.2 for details on the budget calculation).
- Geographical extension in new wards, but no new districts, upazilas or UPs.
- Risk finance only in the form of concessional loans.
- Resilience marketplace left out of the core consolidation scenario, however, suggestions have been made (Box 5) on how this could be developed separately from LoGIC.
- A consultancy budget of 500,000 US$ has been set aside to support activities related to policy formulation, advocacy and dissemination and formulation of policy elements for inclusion in the GCF concept note and funding proposal. The method for utilizing the consultancy budget will be through the formulation of TORs and budgets per consultancy assignment and procurement according to applicable procurement regulations.
- Innovation requires proper monitoring and evaluation systems. A Dhaka-based innovation consultation is proposed, conditional on the M&E being properly in place.

The number of beneficiaries in the core consolidation scenario has been estimated as approximately 300,000, of which 100,000 new beneficiaries. The number of households reached is 21,250, of which 12,750 new. A corresponding budget for the core consolidation scenario, including the above, has been included in Table 3.

### Table 3: Pro forma budget, core consolidation budget

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMU staff (Dhaka and district)</td>
<td>1,044,000</td>
</tr>
<tr>
<td>Consultancies</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Office rent</td>
<td>48,000</td>
</tr>
<tr>
<td>Transport</td>
<td>104,400</td>
</tr>
<tr>
<td>PBCRG budget</td>
<td>4,500,000</td>
</tr>
<tr>
<td>CRF budget</td>
<td>7,437,500</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>14,633,900</strong></td>
</tr>
<tr>
<td>Management fee (assumed 7% over subtotal)</td>
<td>1,024,373</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,658,273</strong></td>
</tr>
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</table>

### Recommendations

Based on the findings of the mission and the main conclusions summarized above, we recommend to:

- Provide a top-up for LoGIC according to the core consolidation scenario focused on strengthening the core processes of LoGIC, to ready the project for a significant increase in funding with input from the GCF. Contents of the core consolidation scenario have been outlined above.
- During 2021, prepare a GCF concept note to initiate the process of a more increased project with funding from the GCF. The GCF concept note is not formally required but will help to obtain the GCF Secretariat’s views and incorporate these into funding proposal.
During late 2021-2022, prepare and submit (June-July 2022) a funding proposal to GCF for a project with a targeted funding amount of 200 million US$, of which about 30-40% could be from the GCF. This project would need to pave the way for a continuation of the LoGiC approach on a national scale through the GoB’s own means. The proposed timescale aims for approval of the project at the last Board Meeting of the GCF in 2022. The time schedule is based on current meeting schedules, preparation times and processing times, and may need to be adapted on the basis of changes in procedures, requirements, and other practical considerations.
1 INTRODUCTION

The European Union is one of the financiers of a project implemented by United Nations Development Program (UNDP) and United Nations Capital Development Fund (UNCDF) called “Local Government Initiative on Climate Change”, hereafter abbreviated LoGIC. The general objective of LoGIC is to enhance the resilience of communities vulnerable to climate change and related disaster risks in Bangladesh. The specific objective is to establish improved and inclusive local level planning and a policy-based GoB budget financing mechanism for community-based climate change adaptation solutions through local governments.

The objectives will be achieved by delivering three results:

1. The capacity of local governments, households and other local stakeholders will be increased enabling them to enhance existing and future local development plans by integrating climate change adaptation solutions.

2. A financing mechanism for local governments to implement climate change adaptation solutions will be established; the Performance Based Climate Resilient Grants (PBCRG) will be aligned and use the current system of fiscal transfers to Local Government Institutions. It also encompasses the design and implementation of a Community Resilience Fund (CRF) that will provide resources for community and household level climate change adaptation solutions for vulnerable households.

3. The experience generated by the pilot in terms of financing as well as at the community and local level will be used to improve and reform the planning and financing system of the Government of Bangladesh (GoB) for Climate Change Adaptation (CCA) at local and community level, ensuring sustainability beyond the project and prepare the ground for policy based financing and climate change adaptation through the budget and budget support.

LoGIC started in 2017 (however, with delays, as elaborated below) and runs till the end of 2020. Different scenarios for the continuation of LoGIC are being

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4 For the description of the general objective, specific objective and results of LoGIC, see Annex 3 of the Commission Decision on the Annual Action Programme 2015 for Environment and Climate Change under the Global Public Goods and Challenges Thematic Programme, to be financed from the general budget of the European Union Action Document for “GCCA+ support for enhancing communities resilience to climate change and related disasters”.
considered. The present assignment called “Study on the absorption capacity of LoGIC” provides an input to the decision-making on the future of LoGIC.

This draft final report follows the previously submitted inception note. It provides the full results of the analysis of information collected during the mission to Dhaka, Bangladesh, from 12-16 January 2020, and follows a debriefing presentation (see Annex 3) that was made on 16 January in Dhaka.

This draft final report is set up as follows: Section 2 provides a short summary of the LoGIC project; Section 3 discusses the methodology for the assignment and elaborates the research questions and sub-questions posed in the Terms of Reference (TOR) into an elaborated set of sub-questions; Section 4 presents the findings resulting from the assignment in relation to the research questions, and Section 5 provides the conclusions and recommendations in relation to the main research questions posed in the TOR.
LoGIC started on 1 January 2017, but the Development Project Pro-forma (DPP) of LoGIC was only approved on 21 June 2018, much later than expected. The DPP provides the basis for government involvement in the project, and hence, as consequence of this delay in the DPP approval, the LoGIC implementation was slow during the first 18 months (out of a planned 4-year implementation period) of the project. The delays in the signing of the DPP where beyond the control of the project and should not reflect negatively on LoGIC.

However, after the eventual approval of the DPP on 21 June 2018 the project picked up pace. It is implemented with the Local Government Division (LGD) of the Ministry of Local Government, Rural Development & Cooperatives (MLGRDC) as government counterpart.

LoGIC builds on several earlier interventions (projects and otherwise), including the Bangladesh Climate Change Resilience Fund (BCCRF)5, the Union Parishad Governance Project (UPGP) and the Upazila Governance Project (UZGP)6, the Learning and Innovation Component7 of the Local Government Strengthening Project (LGSP), the Local Disaster Risk Reduction Fund (LDRRF) of the Comprehensive Disaster Management Programme (CDMP)8 which introduced the Community Risk Assessment approach (see below), and the EU-supported Local Climate Adaptive Living Facility (LoCAL)9 that introduced the performance based grant approach to climate change adaptation, which is an important component of LoGIC.

LoGIC intended to work in 72 Union Parishads10 of 19 Upazilas in 7 districts, aiming to target those communities that are simultaneously the most vulnerable to climate change, the poorest, and the hardest to reach. Within the communities the poorest households have been targeted. A map of the project locations has been

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5 A multi-donor fund supported by among others the Global Climate Change Alliance (GCCA).
6 DCI-ASIE/2012/296-095 Local Governance and Decentralization Programme for Union Parishads and Upazila Parishads, implemented by UNDP/UNCDF in 7 Districts, supported by the EU, Danida and SIDA.
7 The LGSP is supported by the World Bank. The Learning and Innovation Component also received EU support (Local Governance Support Project - learning and innovation component (LGSP-LIC DCI-ASIE/2007/145-304).
8 CDMP – UNDP (2010-2014) supported by among others the EU
9 Covering Bhutan, Cambodia and Bangladesh.
10 For 72 UPs a Community Risk Assessment was conducted. The Performance-Based Climate Resilience Grants covered 71 UPs. The 72nd, Deula union of Bhola district opted out.
included in Annex 1, along with two maps indicating the poorest regions and the most climate vulnerable regions, indicating the close overlap between the project locations and the poorest and most climate vulnerable areas of Bangladesh. Annex 1 also summarizes the characteristics of climate vulnerability in the 7 districts where LoGiC is active.

**CRA, RRAP and PBCRG**

One of the links between LoGiC and climate change at the local community level operates through the Community Risk Assessment (CRA) and the Risk Reduction Action Plan (RRAP). The type of risks covered in the CRA and RRAP are diverse but include prominently climate change related risks. The RRAP is mainstreamed into the local Five-Year Plan (FYP) and the annual Local Development Plan (LDP). Completing a CRA and RRAP is also one of the conditions for the Performance Based Climate Resilience Grants (PBCRG, see Box 1), one of the main funding mechanisms through which communities are supported. The conditions for receiving the PBCRG are intended to safeguard the linkages between the PBCRG and risks assessments and climate change on the other hand.

**Box 1. Performance Based Climate Resilience Grants**

PBCRGs are transferred to climate vulnerable local governments as additional financing and complement the general grant resources provided by the GoB to all Union Parishads. The specific purpose of the PBCRG is to help UPs make investments to strengthen resilience to climate and disaster impacts, covering infrastructure and public services for the poor.

PBCRG acts as a top up to the general grant resources, assisting the recipient UP to meet the additional costs and specifically targeted investments required for providing climate resilient and climate-adaptive local infrastructure and public services. This approach, where the PBCRG complements and augments expenditures by UP, creates an incentive for local governments to mainstream climate change adaptation in development plans and budgets.

The total fund allocation for PBCRG to UP in LoGiC is US$ 4,500,000. The PBCRG allocations consist of two components: Basic Climate Resilience grant component and a Climate Resilience Performance grant component. The total fund available for the Basic Climate Resilience Grant component is US$ 3,300,000. One-third of this amount (US$ 1,100,000) will be allocated in each financial year. The total fund available for the Performance based Climate Resilience Grant component is US$ 1,200,000. The amount allocated will increase year-on-year:
- No Performance Allocation in Year 1;
- US$ 540,000 in Year 2;
- US$ 660,000 in Year 3.

The assumption is that the capacity of the UP to spend PBCRG funds effectively is expected to increase over time. The Performance Allocation for Year 2 will be based on a limited set of performance indicators that can be assessed during Year 1. The first full Performance Assessment will be completed in Year 2 and will be used to determine the Performance Allocation for Year 3. The Performance Allocation will be awarded to 75% of the target UP, i.e. 54 UP. Therefore, the average Performance Allocation will be:
- US$ 10,000 in Year 2;
- US$ 12,222 in Year 3.

The Performance Allocation will be calculated based on the relative score achieved in the Performance Assessment.

Source: Performance Based Climate Resilience Grants Operational Manual

Figure 1 provides more details about the link between the PBCRG and the CRA. The process starts with a CRA (with a heavy emphasis on climate change related risks). Until this moment, the CRA has been mainly prepared through bottom-up processes, while top-down approaches (e.g. analytical results based on modelling climate related risks through downscaled climate models) have not yet fed into the CRA process. The CRA is then used to prepare a RRAP, which is subsequently integrated into the FYP and the LDP of the UP.

**Figure 1: Link between CRA and PBCRG**

Next, schemes comprising investments and activities linked to climate change adaptation are identified and discussed through a wardshava (meeting with voters). Then an initial PBCRG allocation is set, environmental and social due diligence conducted, and the PBCRG for climate change adaptation actions implemented. The last steps of this process are explained in Box 2.

**Box 2. Details of PBCRG disbursement**

In order to qualify for PBCRG funding, the target Union Parishads must fulfil a set of conditions. Therefore, failure to comply with these conditions will automatically disqualify non-complying Local Governments from receiving the grant during the concerned financial year (without any possibility for “carry over” of the initially available funds to the following year).
The minimum conditions can be reassessed and revised on annual basis to ensure their relevance to the intended purposes ('incentivizing' Local Governments to adopt good local governance practices and ascertaining that they do warrant reasonable capacity to manage their resources in a transparent, responsive manner).

There are two sets of minimum conditions for receiving PBCRG funding. The first set of minimum conditions are the same as those for the Basic Block Grant (a BoG funding scheme for local government). Therefore, a UP that does not qualify for Basic Block Grant in a given financial year cannot receive PBCRG in that same financial year. The minimum conditions for the Basic Block Grant are defined in the UP Operations Manual and currently are:

1. Non-disclaimed / non adverse audit report (for last audit);
2. Evidence of having prepared the annual plan in a participatory manner, including discussions in an open planning and budget;
3. Timely submission of biannual financial and progress report.

Additional MCs for the PBCRG in the first year are:

4. The UP has completed a Climate Risk Assessment;
5. The UP has prepared a five-year Risk Reduction Action Plan (RRAP);
6. The CRA and RRAP have been approved by a full meeting of the Union Parishad.

For the second and subsequent years, additional MCs will include:

7. Achievement of a minimum acceptable score of XX% in the Climate Adaptation Performance Assessment as set during the Performance Assessment;
8. Trigger conditions for release of the second instalment of the previous year’s PBCRG have been achieved (see below); i.e. a UP that does not achieve the trigger conditions for the second instalment by the end of the financial year cannot receive another PBCRG allocation in the next year.

The PBCRG is disbursed to the UP in two instalments. An instalment may only be disbursed to a UP that complies with the Trigger Conditions as shown in Table 4.

**Table 4: PBCRG trigger conditions**

<table>
<thead>
<tr>
<th>Instalment</th>
<th>Trigger conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>First instalment</td>
<td>• The budget with PBCRG financed projects has been approved by the UP.</td>
</tr>
<tr>
<td></td>
<td>• The Upazila Block Grants Coordinating Committee has reviewed the budget and confirms that the PBCRG activities comply with the eligibility criteria.</td>
</tr>
<tr>
<td></td>
<td>• Financial reports show that at least 75% of previous year PBCRG allocation has been disbursed (if applicable).</td>
</tr>
<tr>
<td>Second instalment</td>
<td>• Financial reports show that at least 50% of first instalment has been disbursed.</td>
</tr>
<tr>
<td></td>
<td>• Scheme Implementation Committees have been appointed for all PBCRG projects.</td>
</tr>
<tr>
<td></td>
<td>• The Upazila Block Grants Coordinating Committee confirms compliance with procurement procedures.</td>
</tr>
</tbody>
</table>

Source: Performance Based Climate Resilience Grants Operational Manual
HHRRAP and CRF

Another mechanism to link climate change to funding is through the Household Risk Reduction Action Plan (HHRRAP) and the Climate Resilience Fund, which provides funding to households for climate resilience investments and actions.

Box 3. Climate Resilience Fund Grants

The purpose of the Climate Resilience Fund (CRF) grants is to provide small-scale, household adaptation grants to vulnerable households in high climate risk wards to enable the households to undertake proven incremental climate change adaptation and disaster risk reduction activities with low regrets. These activities will have immediate benefits for the households' livelihoods and levels of well-being.

The CRF will be established with an initial capital allocation of BDT 541 million (approximately US$ 6.5 million). A target number of 17,000 small grants will be disbursed which will directly benefit an estimated 78,200 people. Grants are made preferably to women (98%) of all CRF grants. Grants made under the CRF vary in amount between 20,000 BDT (240 US$) and 40,000 BDT (480 US$).

Source: Climate Resilience Fund Operational Manual

One of the important differences between the PBCRG and the CRF is that the focus of the first is on public investments, while the focus of the second is on private investments.

Figure 2 provides more information on the process of grant making under the CRF. The first steps involve the selection of the target population. Starting point are the UPs selected for the project (based on climate change vulnerability, poverty and being hard to reach). Within these, information from CRAs are used to select the most vulnerable unions and wards. Within those, the most vulnerable households were identified based on household surveys using objective criteria (based on computerized formula using survey data).

This resulted in an initial selection of households, which is subject to the Grievance Redress Mechanism to consider and adjudge any perceived inequities in the selection process – including verification and validation of the household information included in the database. As an end result of this process, a finalized beneficiary list is compiled.

Subsequently, bank accounts were opened to allow for bank transfer of grants, and household level risk reduction action plans were prepared for the beneficiary households, with the support from the project.

Households that wish to use the grants for similar purpose were grouped, to allow for more effective training, bargaining with suppliers, and exchange of information and lessons learned.
The activities and funding mechanisms mentioned above are complemented by capacity building and activities related to policy development, to replicate the activities of LoGIC and implement them at the national level.

Source: Local Government Initiative on Climate Change (LoGIC). Briefing by the PMU on 13 January 2020.
3 METHODOLOGY

The assignment aims to provide recommendation on a possible extension of LoGIC beyond 2020. For this extension, several scenarios are currently under consideration, according to the TOR labelled a "business as usual" scenario, an "increased efficiency with no project increase" scenario, a "staff increase and efficiency" scenario and a "Global Climate Fund" scenario. During the assignment, the consultant has assessed these scenarios and changed the scenarios (see Section 4.2).

Methods used in the assignment are document reviews and interviews with project stakeholders (see Annex 2 for the mission programme). To conduct meaningful document reviews and interviews, a list of questions and discussion points has been developed. The TOR lists several questions and sub-questions for the assignment. In further developing the list of questions, we have used the criteria developed by the Green Climate Fund (GCF) as investment criteria and criteria for the assessment of funding proposals submitted to the GCF, which in turn derive from the investment criteria.

The table below presents a detailed list of questions and sub-questions used during the assignment, including the questions and sub-questions listed in the TOR and those derived from the GCF investment criteria11 and sections of the GCF funding proposals.

Table 5: Research questions and method

<table>
<thead>
<tr>
<th>Questions</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1: As a mechanism, is LoGIC ready to receive a top-up?</td>
<td>Review of project documentation and project reports.</td>
</tr>
<tr>
<td>• Analysis of how LoGIC performs vis-à-vis GCF investment and project assessment criteria.</td>
<td>Interviews with project staff and stakeholders.</td>
</tr>
<tr>
<td>• Projection of how LoGIC could perform in the future, vis-à-vis GCF investment and project assessment criteria.</td>
<td></td>
</tr>
<tr>
<td>• GCF Investment criteria:</td>
<td></td>
</tr>
<tr>
<td>- Impact potential - Contribution to increased climate-resilient sustainable development.</td>
<td></td>
</tr>
</tbody>
</table>

## Questions

<table>
<thead>
<tr>
<th>Method</th>
</tr>
</thead>
</table>
| - Paradigm shift potential – scaling up and replication, knowledge and learning, creation of an enabling environment, contribution to the regulatory framework and policies.  
- Sustainable development potential – environment, social, economic, gender.  
- Needs of the recipient – vulnerability of the country, vulnerable groups and gender aspects, absence of alternative sources of financing, need for strengthening institutions and implementation capacity.  
- Country ownership - existence of a national climate strategy, coherence with existing policies, capacity of accredited entities or executing entities to deliver.  
- Efficiency and effectiveness – financial adequacy and appropriateness of concessionality, expected economic and financial internal rate of return, financial viability in the long run, application of best practices and degree of innovation. |

- Incorporation of lessons learnt from earlier projects and interventions.  
- Alignment with government policies and programs. |

<table>
<thead>
<tr>
<th>Questions</th>
</tr>
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<tbody>
<tr>
<td>Q2: If yes to Q1, how many millions reflect the current absorption capacity? If more than one option is envisaged, please list all of them.</td>
</tr>
</tbody>
</table>

- What are the main scenarios for LoGIC’s future to be considered, also taking into account the suggestions made in the TOR?  
- For each of the scenarios considered, what is the absorption capacity of funding that could be could effectively and efficiently contribute to climate resilience? What are the main bottlenecks?  
  - Analysis of the main processes of LoGIC.  
  - Opinions of project staff and stakeholders.  
  - Experiences from other projects on which LoGIC builds.  
  - Experiences from other adaptation projects at the GCF. |

| Q3: In light of the options defined under Q2, what specific changes can be undertaken to improve the current system? |

- SQ1: Without an increase to project staff, how could a top-up improve project outcomes? If any, what sort of staff should be added to the project (e.g. NGOs Upazila Facilitation Coordination, project engineer, advocacy experts, innovation officer, etc.)?  
- SQ2: According to each option suggested under Q2, how does the amount of project beneficiaries and households increase?  
- SQ3: In case of a geographical extension of the project, how many wards, upazilas or unions can be integrated according to each option? Which ones are the most appropriate ones?  
- SQ4: Shall a component for advocacy for Risk Financing (insurances, innovative instruments, policy advocacy, and blended finance) be included?  
- SQ5: Shall a private sector component be added (“Marketplace”)?  
- SQ6: If any, shall existing capacity deficiency of the staff be addressed? If so, how? Is it preferable through specific external courses or through a training centre for the staff internalised in the project?  
- SQ7: How could the bankable schemes related to PBCRG be improved?  
- SQ8: How could advocacy activities reach more citizens (also beyond project catchment area)? What percentage of the budget could be dedicated to such activities? Is this investment worth?  
- SQ9: With a view to bringing more innovation to the project, which other activities should be implemented or modified? How?  
In addition, for each of the options developed under 2 and incorporating recommendations developed under 3, a budget proposal will be developed, reflecting the assessed optimal implementation of the option. |

| Review of project documentation and project reports.  
Interviews with project staff and stakeholders. |

| Review of project documentation and project reports.  
Interviews with project staff and stakeholders. |
4 MAIN FINDINGS

This section of the report provides the main findings in relation to the research questions posed in the TOR and in Section 3 of the report. The section is organized in three parts, corresponding to each of the three research questions. The conclusions with respect to the research questions and the recommendations following from the conclusions are presented in Section 5.

4.1 Findings related to research question 1

Whether or not LoGIC is ready to receive a top-up has been assessed based on 4 sub-questions. The following Subsections 4.1.1-4.1.4 deal with one sub-question each. In short, we find that LoGIC is a mature project ready for a top up, but that it is not yet fully mature. As illustrated by Figure 3, we assess that LoGIC at this moment is a sound and useful climate finance project, but that with further time and investment the climate related features of the project could be further strengthened, making it a more attractive climate finance project. This means that the maximum of additional funding that LoGIC could effectively absorb now is lower than the amount it could absorb in a few years, when the mechanisms foundations are further built up and the developed. With a limited extension of the budget and implementation period, a much better case can be made for a substantial top-up than is currently the case. Section 4.1.5 elaborates this conclusion, while Section 4.1.6 discusses other topics that were raised by interviewees during the assignment.

Figure 3: Comparison of funding and scaling up strategies
4.1.1 How does LoGIC perform vis-à-vis GCF criteria?

Section 3 contains the main GCF criteria. Below we provide our current scoring of LoGIC against these criteria.

- **Impact potential**: The climate change adaptation impact potential of LoGIC is currently **uncertain** due to **lack of hard evidence** and a **lack of climate change focus** in the approach. Specific examples of these general issues are given in Box 4, along with suggestions how these could be addressed. In part, this finding reflects the short period that the project has been operational, while to some extent, it reflects a flaw that could be easily addressed without requiring a major reorientation.

### Box 4. Need to strengthen the climate narrative

LoGIC is a climate change adaptation project but does not always sufficiently focus on climate change and climate change adaptation. Here we provide some examples:

- The CRA and RRAP focus on general risks, not specifically climate related risks. Instead of a Community Risk Assessment, it would strengthen the narrative of the project if a Climate Risk Assessment was conducted.
- No assessment has yet been conducted on the effectiveness of the PBCRG and CRF schemes to address climate change\(^\text{12}\). Such assessments as part of regular M&E are important to make sure effective solutions are promoted and that less effective solutions are discontinued.
- Selection of LoGIC project locations considers poverty, remoteness and climate vulnerability, but not the availability of effective and affordable adaptation options. Such consideration would help to ensure that effective solutions can be provided by LoGIC (e.g. in one district, it was reported by the local staff that they had difficulties in finding effective adaptation solutions.
- A lack of reinforcement between the household support and the achievement of public climate change adaptation objectives. Ideally investments supported through CRF should also contribute to the climate resilience of the community at large.
- So far the process of CRA has been based on bottom-up approaches only. Ideally there would be a combination of bottom-up (consultation with local communities) and top-down (risk assessments based on down-scaled climate change models) approaches.

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\(^{12}\) It is anticipated that for part of LoGIC it will be possible to use the global data tracker Assessing Climate Change Adaptation Framework (ACCAF) which is used to monitor adaptation rationale and outcome. ACCAF was developed under LoCAL and is suitable for the tracking of PBCRG.
- **Paradigm shift potential**: The potential for replication and scaling up is **huge**. The amounts of the grants (both PBCRG and CRF) are limited in relation to needs, suggesting significant scaling up opportunities, while targeting 200,000 beneficiaries leaves a very high potential for replication, given for example that 45 million people live in areas exposed to cyclones and that around 9.5 million people are exposed to one or more natural hazards each year. Furthermore, LoGIC has many elements that are unique and innovative in terms of processes used, such as the objective selection criteria for the selection of beneficiaries, and the joint operation of several concepts (CRA, community and household RRAP, PBCRG, CRF) within one project. This further increases the paradigm shift potential of the project.

- **Sustainable development potential**: Overall likely **positive**, although it would be good to monitor this (and especially environmental impacts) in the project M&E to have sound evidence. The project seems to have sound gender impacts (CRF successfully targeting women), sound economic impacts (alternative livelihoods) and sound social impacts (the most vulnerable are targeted). No analysis of environmental impact was possible due to time constraints during the assignment (lack of data collected); given that environmental analysis is conducted at least as part of the PBCRG cycle, unlikely to be negative. It should be remarked that despite the sharp focus on identifying the most support-worthy has led to a situation in which some of the most support-worthy may have been left out, in addition, the all-or-nothing feature (either substantial grant support through the CRF or nothing) may have led to some perceived inequities close to the cut-off line.

- **Needs of the recipient**: From the perspective of obtaining climate finance, **very positive**. Bangladesh is an LDC on a path towards graduation in 2024, yet among the countries most vulnerable to climate change, and within Bangladesh, the project targets the poorest, most vulnerable, and hardest to reach population groups.

- **Country ownership**: From the perspective of obtaining climate finance, **very positive**. LoGIC reflects the main overarching climate change strategy, Bangladesh Climate Change Strategy and Action Plan, and aligns very well with the first NDC of Bangladesh, which highlights adaptation as priority, including several specific priorities that strongly overlap with LoGIC, such as disaster preparedness and construction of flood and cyclone shelters, tropical cyclones and storm surge protection, inland monsoon flood-proofing and protection, climate resilient infrastructure and communication, stress tolerant (salinity, drought and flood) variety improvement and cultivation (including livestock and fisheries), i.e., climate resilient livelihoods, and capacity building at individual

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13 Presumably mostly climate change related.
14 The uniqueness of LoGIC came up in various conversations, when asking about the strengths of LoGIC. Interestingly, the various persons interviewed gave different answers about what features made LoGIC unique. For example, some would also mention the large percentage of the LoGIC funding that directly benefits the local people as a unique strength. Because of the wide number of elements mentioned that make LoGIC unique, no comprehensive enumeration of what makes LoGIC unique has been attempted here.
16 There are several indices that measure climate change vulnerability, and the results of these often differ considerably. Ministry of Foreign Affairs of the Netherlands (2018), *Climate Change Profile: Bangladesh* provides the following summary; “Bangladesh ranked sixth on Global Climate Risk Index 2017 of the countries most affected by climate change since 1995. In the widely used ND-GAIN index (2017), Bangladesh ranks 160 out of 181 countries for climate vulnerability. Bangladesh is the 33rd most vulnerable country and the 25th least ready country, meaning that while it is highly vulnerable it is not ready to prevent or reduce climate change effects.”
and institutional level to plan and implement adaptation programmes and projects in the country.

- **Efficiency and effectiveness**: The efficiency of LoGIC is medium, while effectiveness is closely linked with the discussion of the impact potential (see above). In terms of efficiency, one of the important factors to consider is that LoGIC uses grant instruments, while the climate resilient livelihood options promoted through the CRF result in income, raising the question whether it would be possible to use concessional loans instead of grants. In general, the GCF favors instruments that provide GCF with some return on the funds provided. Effectiveness may be further increased if the support level could be further increased, both in case of PBCRG and CRF. For example, in the case of the CRF, it would make it possible to have a higher support budget for the most vulnerable, and a lower but non-zero support level for the slightly less vulnerable. This would also address the perceived inequity mentioned above.

4.1.2 How will LoGIC perform against GCF criteria in the future?

LoGIC already scores extremely well on 3 of the 6 investment criteria of the GCF: impact potential, needs of the recipient, and country ownership. Nothing suggests that at a future moment in time the scoring on these criteria would decline. For the other three investment criteria, there are significant possibilities to improve the scoring:

- **Impact potential**: The impact potential score could improve to good or better through a set of measures, including 1) using the availability of technically viable and affordable adaptation options as one of the criteria for selecting locations for support, 2) expanded use of top-down climate risk modeling, 3) relabeling and refocusing the CRA and RRAP to specifically address climate change risks (instead of a wider definition of risks), 4) specifically monitoring and evaluating the climate change adaptation benefits from schemes supported through LoGIC, to update the menu of offered support options, and 5) strengthening the link between CRF spending and adaptation benefits to the community. The combined effect of these recommendations would be to strengthen LoGIC as a climate change adaptation project.

- **Sustainable development potential**: The sustainable development potential score could improve to good or better by including explicit environmental monitoring of the PBCRG and CRF grants (to address the environmental concerns) and by ensuring that more people are reached (to address the perceived inequities). The latter could take the form that the most worthy of support will have access to two rounds of CRF support, with the first grants based and the second a concessional loan, the next group in terms of vulnerability would be eligible for a one-time grant, and the next group would be eligible for a concessional loan. Details could be discussed with the LogIC project staff and the development cooperation partners and further modified through discussions with representatives of the beneficiaries, as there are various ways this approach could be fine-tuned.

- **Efficiency and effectiveness**: The efficiency of LoGIC could be improved to good by expanding the number of financial instruments available, especially for household support. Concessional loans, through a revolving fund, would make much better use of available climate finance. Effectiveness could be improved to good through the incorporation of the suggestions made above for impact
and sustainable development and by increasing the amount of support per household CRF recipient and per PBCRG grant.

Taken together, this would mean that it is possible to improve the overall scoring of LoGIC against GCF criteria from good to excellent, with an associated increase in the likelihood and amount of GCF financing that may be generated.

4.1.3 Incorporation of lessons learnt

The design of LoGIC has built on lessons from several projects that provided elements, and sometimes novel projects for the LoGIC project. This includes the following projects:

▪ The UPGP and the UZGP (introducing performance-based grants);
▪ The Learning and Innovation Component of the LGSP;
▪ The LDRRF of the CDMP which introduced the Community Risk Assessment approach (see below), and
▪ The LoCAL that introduced the performance-based grant approach to climate change adaptation.

These projects were implemented by different UN organizations, and it is pleasing to see that UNDP and UNCDF are cooperating closely in the LoGIC project (one of the interviewees mentioned that the truly joint cooperation of UNDP and UNCDF is one of the valuable novel aspects of the LoGIC project).

Within the context of the implementation of LoGIC there are possibilities to reinforce learning, as noted above. It appears important to strengthen these aspects of the implementation and M&E cycle.

4.1.4 Alignment with government policies and programs

The alignment with government policies and programmes is strong. As noted above, LoGIC is closely aligned with the main climate change strategies and priorities. Apart from this, the project is closely linked with government policies and programs related to local governance. For example, the PBCRG procedures are closely linked with those covering the government's basic block grant programme and the performance-based grant programme implemented across the country.

4.1.5 Conclusion with respect to Research Question 1

Based on the above, LoGIC is mature and ready for a top-up. However, the full potential of LoGIC has not been achieved yet, at least in part because of the delays during the start-up of the project (outside of the control of the LoGIC project team). As noted above (see Section 4.1.2), there are several ways through which the climate change adaptation focus of the project can be strengthened, and the attractiveness of the project for climate finance can be increased. These approaches focus on strengthening the core processes of LoGIC:

▪ Conducting climate risk assessments through bottom-up and top-down approaches;
▪ Formulating climate risk reductions plans at the community and household level;
▪ Mainstreaming climate change adaptation into local development and investment planning;
▪ Supporting community level and household level investments and activities to enhance climate resilience;
Ensuring that the supported household level resilience investments contribute to the climate resilience of the community as a whole\(^\text{17}\);

- Monitoring and learning about the effectiveness of the supported measures so that over time increasingly effective solutions are supported.

Focusing on these core processes will ensure that LoGIC achieves the most effective adaptation outcomes and that these are disseminated and mainstreamed into policies.

It is important to give LoGIC the time to implement these aspects and proof its core processes without encumbering the project with major changes, such as substantial new elements (e.g., local government finance and bonds) or large increases in funding amounts which could distract from the new ideas and concepts (see Section 4.1.1) that LoGIC aims to bring into the mainstream. First the core processes need to be proven, tested, and optimized, and then the project will be ready for a sizable increase in funding and mainstreaming. Figure 4 illustrates this thinking. Only after the core processes have been tested and improved can significant funding be attracted and the LoGIC approach be mainstreamed.

*Figure 4: Phases in the development of the LoGIC approach and funding*

We therefore advocate a top-up for an additional 2 years, with a relatively limited increase in budget, to strengthen, proof and optimize the core concepts of LoGIC. After this, LoGIC will be ready for a much more substantial increase in funding and eventual mainstreaming. Following this approach has a few clear benefits:

- The development partners will be able to make a much better case for attracting climate finance from e.g. the GCF, because substantial evidence will have been gathered on the operation of LoGIC in optimized conditions. Such evidence underpinning a climate finance funding proposal dramatically increases the likelihood of, and the amount available for, climate finance for LoGIC.

- Having gone through such a consolidation period, the LoGIC can also be confident that the substantially increased amount of funding will be optimally spent. If the consolidation has not been done beforehand, LoGIC would face to challenges at the same time, managing increased funding amounts and improving core processes, which may be difficult to achieve and in any case, would mean spending significant amounts of funding suboptimally.

One of the questions is where such a consolidation phase should have its geographical focus. Given the significant amount of time needed to explain the

\(^{17}\) An example would be that livelihood options that are more stable against e.g. droughts would contribute to community food security during a drought event; or that trees planted as part of a livelihood option of a household function as a shelterbelt of the whole community.
focus of the project – climate change adaptation rather than development – it would make sense to focus as much as possible in the areas already covered by the project. This would also help to address the perceived inequity in the strict targeting by LoGIC. For that reason, we suggest that the geographical coverage of the top-up consolidation phase would be:

- Same 7 districts;
- Same 19 upazilas;
- Maximum 10 additional UPs for PBCRG, preferably no additional UPs, assuming that there are still a significant number of unfunded climate change adaptation projects of a public nature in the originally targeted 72 UPs;
- CRF – identical to the UPs covered in the PBCRG, with more wards added in the UPs where LoGIC has already been active, an increase in the number of households reached, and an increase in funding for the most vulnerable households.

These assumptions are the basis for the scenario analyzed in Section 4.2.

4.1.6 Other issues raised

Several other issues were raised during the assignment’s discussions:

- **Housing**: Many Bangladeshi have lost housing due to climate change, and providing new housing is a priority of the GoB. It was decided that building new climate-resilient housing is outside of the scope of the project (because it is only to a limited extent climate change related, while also adding additional out-of-LoGIC-core complexities related to housing finance), but that climate proofing of existing buildings could be considered as part of the extension and indeed before the extension. Possibly a formulation mission could be funded out of the LoGIC budget to address the GoB housing priority.

- **Need for capacity building**: Many respondents mentioned the need for additional capacity building of both local people (households) and local governments. This would mean increasing the budget for TA / consultants. This seems reasonable, although it would somewhat counter the limited overhead that was mentioned as one of the strengths and unique points of LoGIC.

- **Staff salaries**: Project staff remuneration was frequently mentioned as an issue. Working within the LoGIC project entails significant hardship because of the project location, and salaries are below current market salaries due to the delays in the project implementation (increases in the general salary levels since the preparation of the project document have not been budgeted for, it is understood that contrary to permanent UN staff salaries, the project staff salaries have not been regularly updated). Taken together these two factors mean that the project has a challenge to retain staff. This is even more the case because the staff acquire practical knowledge and skills related to adaptation in the field, which increases their value. During the various calls with the districts, it could be observed that many of the district/field-based staff started recently because previously engaged staff had left the project. It would make sense to budget a salary increase into the extension budget (see Section 4.2).

4.2 Findings related to research question 2

Research question 2 has been substantially answered in Section 4.1.5. Given the degree of maturity of LoGiC and the need to further consolidate the core
processes of LoGIC, a limited top-up for a short period (2 years) makes the most sense. Given the perceived inequities of the hard support threshold imposed for the CRF eligibility, it also makes sense to focus on the same areas as have previously been covered by LoGIC. Lastly, given the difficulties in sensitizing the local government on climate change adaptation (as opposed to development), it makes additional sense to focus on the same areas as before, to benefit from the work that has already been done in these locations. On this basis, we propose one scenario for the top up, the core consolidation scenario. The key assumptions of the core consolidation scenario are summarized in Table 6 and elaborated below:

Table 6: Summary of the core consolidation scenario

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Scenario design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension</td>
<td>Two years (2021 and 2022)</td>
</tr>
</tbody>
</table>
| Geography | ▪ Same districts, upazilas and UPs  
▪ Additional wards |
| Staff | 7 additional staff in the districts |
| Salaries | + 25% (per person) |
| Consulting budget | 1.5 million US$ |
| PBCRG | 4.5 million US$ |
| CRF | ▪ Additional household beneficiaries (somewhat less vulnerable)  
▪ More instruments – concessional loans next to grants |

- Extension for 2 years, 2021 and 2022, focusing on the core processes.
- Focus on the same districts, upazilas and UPs as before.
- Increase in number of wards covered in the CRF.
- PMU and district/field-based staff increased with 7 in the districts to cover increased workload.
- Salaries of PMU and /field-based staff: proposed to be increased by 25%. Because of a lack of data, for projection purposes top salaries in the banking sector of Bangladesh have been used\(^{18}\) as average for the PMU and district staff.
- The required consultancy budget has been estimated at 1.5 million US$ based on the scope of services expected and estimates of required time inputs. If necessary, the budget estimate could be modified based on discussions between the development partners and the PMU. The consultancy budget will be used for a variety of purposes which may require additional skills of capacities over those available among the project, including climate risk assessments including downscaling climate change models, policy advocacy and dissemination (0.5 million US$ for policy advocacy and dissemination), introduction of new technologies, support for the formulation of the GCF concept note and funding proposal, capacity building & training\(^{19}\) to communities and households as well as project staff, etc. The method for utilizing the consultancy budget will be through the formulation of TORs and

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\(^{18}\) Taken from [http://www.salaryexplorer.com/salary-survey.php?loc=18&loctype=1&job=13&jobtype=1](http://www.salaryexplorer.com/salary-survey.php?loc=18&loctype=1&job=13&jobtype=1), converted to US$, and rounded upwards to 1500 US$/month. A benchmark from the banking sector has been taken as this represents a relatively well-paid white-collar sector of the company that may provide a realistic aspiration level for national experts.

\(^{19}\) There may be opportunities to partly benefit from the long-term agreements that UNCDF has established as part of the multi-country LoCAL facility.
budgets per consultancy assignment and procurement according to applicable procurement regulations.

- PBCRG budget stays the same as before but will be divided over 2 years.
- Existing CRF beneficiaries get an opportunity to take out a concessional loan, average concessional loan size 350 US$, assumed that 50% will take this loan for further diversification of sustainable livelihoods.
- Two classes of additional CRF beneficiaries:
  - 8500 households that are next to original beneficiaries in terms of vulnerability (not the most vulnerable, but still extremely vulnerable), grants of on average 350 US$;
  - The next 8500 household, not extremely vulnerable, but very vulnerable. Support through concessional loans of on average 350 US$. It is assumed that 50% of the target population will accept this concessional loan.

Using these assumptions, the amount of funding directly available for the beneficiaries equals approximately 11.9 million US$, of which 4.5 million US$ in the form of concessional loans. A full budget estimate has been included in Section 4.3.

### 4.3 Findings related to research question 3

This section deals with specific measures to improve project outcomes. Many of these have been discussed in Section 4.1, where already several specific recommendations have been provided related to LoGIC as a climate finance project. We suggested several ways to align impact potential, sustainable development potential, and efficiency & effectiveness better with expectations for a climate finance project, using the GCF investment criteria. This section deals with specific suggestions included in the TORs sub-questions and describes whether and how these have been included in the core consolidation scenario.

- Staff additions to LoGIC could be helpful. 7 more project staff have been included in the assumptions. These additional project staff would be located in the districts and would help to deal with the increased work pressure related to PBCRG and CRF. Furthermore, a significant budget has been set aside for consultancies, supporting capacity building, innovations, etc. These should not be permanent project staff positions but are important resources available to the project.
- The impact of the recommended scenario on the number of project beneficiaries and beneficiary households is hard to estimate due to overlaps in the number of beneficiaries for different actions. There would be a significant overlap in the beneficiary population from the original LoGIC and the top-up. It is reasonable to estimate that the top-up PBCRG grants will benefit **100,000 additional beneficiaries**, and that the top-up CRF grants and loans will benefit **21,250 households, of which 12,750 households will be new**. The set of numbers related to the CRF grant does not take the revolving nature of the concessional loan into account (no relending of repaid loans considered).
- It is recommended to add **no new district, upazilas or UPs**, but to add more wards within the already participating UPs. At this moment, the two most

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20 The concessional loan component of the LoGIC could for example be implemented through collaboration with Bangladeshi financial service providers (banks, NGOs, quasi-government institutions)....
vulnerable wards in a UP have in principle been selected for the CRF schemes, this number could be increased to the four most vulnerable wards per UP.

- Having reviewed the document *Resilience Market Place: Finding the Financial Pathways for Greater Inclusion*, it remains somewhat unclear what type of risk financing is being contemplated for inclusion in LoGIC. In any case, the proposal for the top-up is to include small concessional loans in the LoGIC project which are a form of risk finance. Using small concessional loans is an instrument that Bangladesh is familiar with and which could be implemented without too much difficulty. Insurance and other types of innovative finance may have additional benefits but would significantly depart from the core of LoGIC and requires specialist expertise to be set up (a combination of micro finance, finance for adaptation, finance in rural settings, adaptation risk analysis) which is not available within LoGIC. Such risk financing for adaptation in forms other than concessional (micro-)loans is best pursued outside of LoGIC and would need to start with a proof of concept (a relatively small project) to demonstrate the viability of what is being proposed.

- After reading through the document Munira (2019), *Resilience Marketplace: Final Report*, it is recommended not to include the resilience marketplace in the top-up, because it does not belong to the LoGIC core processes and lacks maturity as a concept. Again, it would make sense to develop the resilience marketplace as a separate initiative. Box 5 provides some suggestions on how to develop project activities leading to a vibrant resilience marketplace.

**Box 5. Building a Resilience Marketplace**

Building a Resilience Marketplace requires a dedicated approach separate from LoGIC. It requires a clear articulation of what the approach hope to achieve in terms of climate resilience, what is expected from different private sector actors, why these private sector actors could be expected to play their intended role (profit expectations) and what barriers they face that make it impossible to play their intended role. Then it will be possible to identify what interventions a donor could support to eliminate these barriers. This supposes that there is a sound business case for private sector entities playing their intended role, but this is an assumption that should be tested and checked.

The analysis mentioned above is time-consuming. It would be practical to focus initially on a limited number of adaptation cases, and from these generalize the type of interventions that would be needed. A way to kickstart this process is to offer through a call for proposals partial funding (say 50%) of private sector adaptation services and products offered to third parties. Support can be in the form of a buy-down on the purchase costs for the clients, capacity building, awareness raising, etc. In the response to the call for proposals, private sector proponents would need to identify barriers, the barrier removal actions for which they will use the support from the donor, and the reasons why, after the initial support, the provision of the adaptation products and services can continue on a commercial basis (a theory of change).

From the response to the call for proposals and the implementation, lessons could be learned for the formulation of a project aimed at a proof of concept of a Resilience Marketplace.
The major deficiencies related to staff that have been identified are the number of staff, particularly in relation to the proposed increase in annual spending, as well as staff turnover. To address these, a presumably competitive staff salary has been used in the revised budget estimates, and an increase in staff has been assumed. Any additional skill deficiencies could be addressed through *ad hoc* training.

Some of the PBCRG schemes may result in returns that could in principle be used for the purpose of repayment, so that loans could in theory be contemplated. In practice, local governments are not allowed to borrow money. This makes the formulation of bankable projects complicated, as these would need to be executed through entities that can take out loans (such as special purpose vehicles, companies set up for the purpose of executing the project) and are creditworthy. In addition, the return on adaptation projects tends to be uncertain and of a nature that leads itself poorly to repayment of loans. The reason is that adaptation leads to a reduction of the likelihood and severity of natural disasters, which do not happen each year in equal measure. Also, the degree to which any local entity would bear the brunt of such disasters is unclear, as the central government and donors may step in. For all these reasons, bankable project related to public adaptation investments through PBCRG are very complicated. Mechanisms could be designed that would be based on the value of land and real estate (which ought to increase with adaptation measures) and potentially involving green bond issuance, but this is also a complicated and potentially contentious approach that would need to be developed as a separate project activity.

“Advocacy” appears to be used in two different ways in the context of this assignment: as a synonym of dissemination and as the formulation and promotion of policy recommendations. Both are useful, especially during the subsequent phases of LoGIC, when more specific information on successful adaptation investments can be disseminated within Bangladesh, and when clear policy messages can be advocated to GoB. Within the consultancy budget, 500,000 US$ has been set aside for both types of advocacy (dissemination and policy suggestions and promotion).

**Increasing the contribution of LoGIC to innovation** in the project requires, first of all, an M&E system that covers a) the effectiveness of the innovation in addressing climate change vulnerabilities, and b) whether the market can sustain the innovation or whether a non-commercial support mechanism is needed.21 Innovation can be seen of a series of trials of new ideas22, with M&E taking the role of weeding out the unsuccessful ones. Through scaling up and replicating successful ideas, technological development through innovation happens. Quality M&E is needed to make this process as efficient as possible, guiding scarce resources in the most promising ideas and discontinuing support for unpromising ones. A first message is therefore that the *M&E system needs to be strengthened*23 to cope with the assessment of new ideas and innovations as a precondition for working on innovation. Second, innovation in

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21 In other words, an M&E system able to assess commercial costs, benefits and returns on investment. If returns on investment are insufficient to justify a risky investment, some non-market support mechanism (donors, government) will be needed.

22 New ideas from the perspective of the locations where these ideas are to be introduced. In other parts of Bangladesh, or in other countries, such ideas may already have been introduced much earlier.

23 It is anticipated that for part of LoGIC it will be possible to use the global data tracker Assessing Climate Change Adaptation Framework (ACCAF) which is used to monitor adaptation rationale and outcome. ACCAF was developed under LoCAL and is suitable for the tracking of PBCRG. For innovation, the M&E related to CRF would be important.
the context of LoGIC requires someone who can bring in new ideas from outside the project. A senior innovation consultant, well-versed in adaptation technologies relevant to Bangladesh, could be hired through a consultancy contract. Such consultant would be best based in Dhaka (for easier communication and collection of information about new ideas and approaches, both from Bangladesh and elsewhere), with occasional travel to the districts to disseminate new ideas and innovations, and to learn more about the local needs. Ideally such innovation consultant may also be able to interface with the Climate Technology Center and Network (CTCN)\textsuperscript{24}.

- The budget estimated according to the core consolidation scenario has been included in Table 7.

\textit{Table 7: Pro forma budget, core consolidation budget}

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMU staff (Dhaka and district)</td>
<td>1,044,000</td>
</tr>
<tr>
<td>Consultancies</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Office rent</td>
<td>48,000</td>
</tr>
<tr>
<td>Transport</td>
<td>104,400</td>
</tr>
<tr>
<td>PBCRG budget</td>
<td>4,500,000</td>
</tr>
<tr>
<td>CRF budget</td>
<td>7,437,500</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>14,633,900</strong></td>
</tr>
<tr>
<td>Management fee (assumed 7% over subtotal)</td>
<td>1,024,373</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,658,273</strong></td>
</tr>
</tbody>
</table>

\textsuperscript{24} It should be noted that CTCN participates in LoCAL trainings.
5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The main conclusions of the assignment are the following:

- LoGIC is **mature and ready for a top-up**. It is a promising approach to the climate change adaptation problem that has a large potential as a climate finance project and to be mainstreamed into government policies. However, its climate change narrative and **core processes should be strengthened**. For these reasons, we advocate a **modest top-up** during a 2 year period in which the core processes of LoGIC can be fully optimized. In this context, core processes mean 1) conducting climate risk assessments through bottom-up and top-down approaches, 2) formulating climate risk reductions plans at the community and household level, 3) mainstreaming climate change adaptation into local development and investment planning, 4) supporting community level and household level investments and activities to enhance climate resilience, 5) ensuring that the supported household level resilience investments contribute to the climate resilience of the community as a whole\(^{25}\), and 6) monitoring and learning about the effectiveness of the supported measures so that over time increasingly effective solutions are supported.

- Based on these findings, it is important to design a scenario for the top-up that focuses on the core issues and does not dissipate focus into new issues. Furthermore, we found that:
  - **Efficiency** could be strengthened by including **concessional loans** under the CRF;
  - There is a **perceived inequity** in the allocation of support under the CRF, in that either people get a significant amount of grant support, or no support at all. This could be addressed by creating different classes of eligible beneficiaries, each of which will receive different amounts and types of support;

\(^{25}\) An example would be that livelihood options that are more stable against e.g. droughts would contribute to community food security during a droughts event; or that trees planted as part of a livelihood option of a household function as a shelterbelt of the whole community.
Considerable efforts have been needed to sensitize local officials on the need for climate change adaptation and the differences between climate change adaptation and development projects;

It was often mentioned that amounts of support needed to be increased, for more effective and efficient climate change adaptation support. This could for example be achieved through increased CRF contributions to more effectively create alternative livelihood options and increase resilience through more diverse livelihoods.

Based on these considerations and the need to consolidate the core processes of LoGIC, an alternative to the 4 scenarios in the TOR was created, the core consolidation scenario. The key assumptions of the core consolidation scenario (see also Table 6) are:

- Extension for 2 years, 2021 and 2022, focusing on the core processes.
- Focus on the same districts, upazilas and UPs as before.
- Increase in number of wards covered in the CRF.
- PMU and district/field-based staff increased with 7 in the districts to cover increased workload.
- Salaries of PMU and district/field-based staff: proposed to be increased by 25%. Because of a lack of data, for projection purposes top salaries in the banking sector of Bangladesh have been used26 as average for the PMU and district staff.
- The consultancy budget has been modified to 1.5 million US$. Section 4.2 elaborates on the scope of services and the method to use the consultancy budget.
- PBCRG budget stays the same as before but will be divided over 2 years.
- Existing CRF beneficiaries get an opportunity to take out a concessional loan, average concessional loan size 350 US$, assumed that 50% will take this loan for further diversification of sustainable livelihoods.
- Two classes of additional CRF beneficiaries:
  - 8500 households that are next to original beneficiaries in terms of vulnerability (not the most vulnerable, but still extremely vulnerable), grants of on average 350 US$;
  - The next 8500 household, not extremely vulnerable, but very vulnerable. Support through concessional loans of on average 350 US$. It is assumed that 50% of the target population will accept this concessional loan.

The above findings and approach also meant that only to a quite limited extent new elements and suggestions have been incorporated into the core consolidation scenario:

- Seven more staff have been included in the project (district based), and a salary increase has been proposed (see however Section 4.2 for details on the budget calculation).
- Geographical extension in new wards, but no new districts, upazilas or UPs.
- Risk finance only in the form of concessional loans.

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• Resilience marketplace left out of the core consolidation scenario, however, suggestions have been made (Box 5) on how this could be developed separately from LoGiC.
• A consultancy budget of 500,000 US$ has been set aside to support activities related to policy formulation, advocacy and dissemination and formulation of policy elements for inclusion in the GCF concept note and funding proposal. The method for utilizing the consultancy budget will be through the formulation of TORs and budgets per consultancy assignment and procurement according to applicable procurement regulations.
• Innovation requires proper monitoring and evaluation systems. A Dhaka-based innovation consultation is proposed, conditional on the M&E being properly in place.

The number of beneficiaries in the core consolidation scenario has been estimated as approximately 300,000, of which 100,000 new beneficiaries. The number of households reached is 21,250, of which 12,750 new. A corresponding budget for the core consolidation scenario, including the above, has been included in Table 8.

Table 8: Pro forma budget, core consolidation budget

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,658,273</strong></td>
</tr>
</tbody>
</table>

5.2 Recommendations

Based on the findings of the mission and the main conclusions summarized in Section 5.1, we recommend to:

▪ Provide a top-up for LoGiC according to the core consolidation scenario focused on strengthening the core processes of LoGiC, to ready the project for a significant increase in funding with input from the GCF. Contents of the core consolidation scenario have been outlined above.
▪ During 2021, prepare a GCF concept note to initiate the process of a more increased project with funding from the GCF. The GCF concept note is not formally required, but will help to get the GCF Secretariat’s views and incorporate these into funding proposal.
▪ During late 2021-2022, prepare and submit (June-July 2022) a funding proposal to GCF, for a project with a targeted funding amount of 200 million US$, of which about 30-40% could be from the GCF. This project would need to pave the way for a continuation of the LoGiC approach country-wide through the
GoB’s own means. The proposed timescale aims for approval of the project at the last Board Meeting of the GCF in 2022. The time schedule is based on current meeting schedules, preparation times and processing times, and may need to be adapted on the basis of changes in procedures, requirements, and other practical considerations.
REFERENCES

1. EUD (2019), Specific Terms of Reference Local Government Initiative on Climate change (LoGIC) FWC SIEA 2018- LOT Lot 1: Sustainable management of Natural Resources and resilience. EuropeAid/138778/DH/SER/multi.


Documents provided by LoGIC:

5. Adaptation Tracking and Measuring System.

9. LoGiC Community Risk Assessment (CRA) and Risk Reduction Action Plan (RRAP).
15. LGD (undated), Training/Refresher/Orientation/Workshop: Monitoring Tool.
16. LGD (undated), Gender Framework.
17. LGD (undated), Household Risk Reduction Action Plan.
18. LGD (undated), Project MIS Report.

Documents provided by UNDP:
22. Expansion of LoGIC, PowerPoint presentation, UNDP.

Websites consulted:
Figure 5 provides the locations where the project is active. These locations have been selected based on three considerations: poverty, climate change vulnerability, and remoteness (being hard to reach). Comparing the project locations on Figure 6 and 6 shows that the match between the project locations and the poorest and most climate vulnerable areas is very close.

Table 9 provides information on the main climate hazards in the seven districts of LoGIC.
Table 9: Climate hazards per district

<table>
<thead>
<tr>
<th>District</th>
<th>Climate hazards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bagerhat</td>
<td>Salinity, cyclone, tidal surge and water logging</td>
</tr>
<tr>
<td>Barguna</td>
<td>Sea level rise, salinity, cyclone, tidal surge and river erosion</td>
</tr>
<tr>
<td>Bhola</td>
<td>Sea level rise, tidal surge, cyclone and river erosion</td>
</tr>
<tr>
<td>Khulna</td>
<td>Salinity, cyclone and river erosion</td>
</tr>
<tr>
<td>Kurigram</td>
<td>Riverine floods, river erosion and hailstorms</td>
</tr>
<tr>
<td>Patuakhali</td>
<td>Sea level rise, cyclone, salinity, tidal surge &amp; river erosion</td>
</tr>
<tr>
<td>Sunamgonj</td>
<td>Flash floods and hailstorms</td>
</tr>
</tbody>
</table>

Source: Expansion of LoGiC, PowerPoint presentation, UNDP.

Figure 6: Areas of high poverty incidence in Bangladesh

Source: Ministry of Foreign Affairs of the Netherlands (2018:25)
Figure 7: Areas affected by climate change vulnerability

Source: Ministry of Foreign Affairs of the Netherlands (2018:25)
ANNEX 2: MISSION PROGRAMME

Table 10: Mission programme

<table>
<thead>
<tr>
<th>Date</th>
<th>Day period</th>
<th>Organization and details</th>
<th>Status</th>
</tr>
</thead>
</table>
| 12 January| Morning    | ▪ EU Delegation  
Dario Trombetta, dario.trombetta@eeas.europa.eu  
Manfred Fernholz, Manfred.fernholz@eeas.europa.eu  | 11.00 am   |
|           | Afternoon  | ▪ Swedish Embassy  
Mr Mahbubur Rahman (Program Advisor, Environment & Climate Change), mahbubur.rahman@gov.se | 2.30 pm    |
| 13 January| Morning    | ▪ PMU  
Project coordinator: Ms Selina Shelley, selina.khan@undp.org  
Monitoring specialist: T M Selim, t.selim@undp.org  
▪ UNDP  
Sudipto Mukerjee (Resident Representative), sudipto.mukerjee@undp.org  
Mr Mamunur Rashid (Climate Change Specialist), mamunur.rashid@undp.org | 9.00 am    |
|           | Afternoon  | ▪ UNCDF  
Suresh Balakrishnan (Regional Technical Advisor) suresh.balakrishnan@uncdf.org  
Mr Jesmul Hasan (Country Focal Point / Programme Specialist UNCDF), jesmul.hasan@uncdf.org | 1.30 pm    |
| 14 January| Morning    | ▪ PMU staff: series of meetings with PMU staff                                                                                                           | 9.00-12.00 am |
|           | Afternoon  | ▪ LGD and National Project Director  
Mohammad Emdad Ullah Mian (Additional Secretary), emmadullah2008@gmail.com  
Md. Shamsul Islam, Deputy Secretary, Local Government Division and Focal Point, LoGIC, islamshamsul15702@yahoo.com | 3.00 pm    |
<table>
<thead>
<tr>
<th>Date</th>
<th>Day period</th>
<th>Organization and details</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 January</td>
<td>Morning</td>
<td>District Grants Monitor and Facilitators and District Climate Change Coordinators – through Skype</td>
<td>9.30 am-1.00 pm</td>
</tr>
<tr>
<td></td>
<td>Afternoon</td>
<td>HELVETAS Bangladesh Celestine Krösschell (Country Director), <a href="mailto:celestine.kroesschell@helvetas.org">celestine.kroesschell@helvetas.org</a>  Umme Habiba (Deputy Country Director), <a href="mailto:Umme.habiba@helvetas.org">Umme.habiba@helvetas.org</a>  Sheikh Md. Ziaul Huque (Project Manager), <a href="mailto:Ziaul.Huque@helvetas.org">Ziaul.Huque@helvetas.org</a></td>
<td>3.00 pm</td>
</tr>
<tr>
<td>16 January</td>
<td>Morning</td>
<td>No meetings – preparation for debriefing, analysis of information collected.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Afternoon</td>
<td>EU Delegation and Swedish Embassy – debriefing Dario Trombetta, <a href="mailto:dario.trombetta@eeas.europa.eu">dario.trombetta@eeas.europa.eu</a>  Manfred Fernholz, <a href="mailto:Manfred.fernholz@eeas.europa.eu">Manfred.fernholz@eeas.europa.eu</a>  Tove Goldmann (First Secretary), <a href="mailto:tove.goldmann@gov.se">tove.goldmann@gov.se</a>  Mr Mahbubur Rahman (Program Advisor, Environment &amp; Climate Change), <a href="mailto:mahbubur.rahman@gov.se">mahbubur.rahman@gov.se</a></td>
<td>2.30 pm</td>
</tr>
</tbody>
</table>
ANNEX 3: DEBRIEFING PRESENTATION

Study on the absorption capacity of LoGIC

Preliminary Findings
Mission 12-16 January 2020
Climate finance expert: Casper Van der Tak

Dhaka, 16 January 2020

Mission programme

- Data and document collection
- Interviews and meetings with:
  - EUD
  - SIDA
  - PMU staff (several meetings)
  - UNDP
  - UNCDF
  - LGDNPD
  - Districts 6 calls, selection of DCC and DGMF
  - Helvetas
- Formulation of preliminary findings – document review to follow
Annex 3: Debriefing Presentation

**Question 1 (1)**

As a mechanism, is LoGIC ready to receive a top-up?

- Considered from the perspective of LoGIC as a climate finance project
- LoGIC is mature and ready for a top-up, considering:
  - Sound overall structure and mechanisms in place with a risk assessment followed by a risk reduction plan, followed by means to financially and technically support implementation of some actions.
  - Capacity building for plan formulation
  - Policy advocacy to follow

**Question 1 (2)**

As a mechanism, is LoGIC ready to receive a top-up?

- However, LoGIC is not fully mature considering:
  - Key elements not yet implemented, such as policy advocacy, parts of M&E (monitoring report, annual review, part of ATM).
  - Climate change adaptation can be reinforced – e.g. consideration of effective adaptation options in site selection, and consideration of adaptation option effectiveness in monitoring to update menu of options of fundable adaptation options.
  - Mitigation co-benefits on e.g. mangrove forests to be assessed for size and relevance.
  - Integration & synergy: CRF ↔ community level RRAP?

**Question 2**

How many millions reflect the current absorption capacity?

- Based on Q.1, long term perspective for LoGIC very promising, LT perspective mainstreaming based on a) scaled up funding followed by b) national funding...
- However, in short term, consolidation needed, with a period of all main LoGIC elements running and full scale, being monitored and evaluated, and results being fully collected.
- Therefore, next a 2-3 years consolidation stage is needed, mainly focused on implementation of LoGIC at the program level, with at a maximum limited piloting of new approaches. After that – full scale-up with funding from a.o. GCF proposed.
- Pressure to increase coverages in selected regions and provide more support (both local govt’s through PBCPS and JHIs through CRF).
- Therefore, focus on a next stage with may add more wards (preferred option) and/or UP’s, but not new upazillas or districts.
- Budget estimates to be prepared accordingly – including possible needs for more staff and increase staff compensation and travel budget.
Question 3

What specific changes can be undertaken to improve the current system?

- Start with reinforcing the key concerns mentioned under Q1 related to site selection, monitoring of effectiveness, adaptation options & updating menu options, and improving synergies and linkages.
- Limited overhead is seen as a strength. However, also more capacity development needed, which is contradictory. Support budget per HH and per UP is limited, demand for more budget (e.g., more climate resilient options per HH).
- In terms of staff – s.t. confirmation and analysis, but perhaps a PMU team manager and per district an additional staff (need a climate change expert, a capacity building expert and a public admin expert).
- However, needs to be checked against an increase in budget directly benefitting communities and MPs.
- To expand coverage and keep budget reasonable, include soft loans and lower grant percentage in package to support larger part population in targeted areas. Argument against: first bring core of LoGIC to full maturity and mainstream.
- Other suggestions still to be reviewed.

Other Considerations

Housing

- Strong political pressure to work on housing to avoid migration due to climate change (loss of houses because of CC leading to migration).
- Possibilities that would have a clear link to adaptation:
  - Climate proof existing vulnerable houses, where possible (e.g., against cyclones)
  - Build now affordable, climate proof housing, where possible integrated with other infrastructure, to replace houses lost in past due to CC.
  - Support local SMEs that can build climate resilient houses using low-cost technologies that can be quickly built.
- Finance needs to be considered – this cannot be on a full grant basis. Other sources of funding, own contribution, and other financial instruments are needed. Land may be used in mortgage structures.
- On the other hand, keep to philosophy of LoGIC core being brought towards mainstream, without adding extras.
- Suggested – include a pilot that could act as a PoC that may then be later further supported (separately) as a program and after that, if successful at scale, mainstreamed.

Thank you for your attention

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