



ADAPTATION FUND

AFB/PPRC.32/9
18 September 2023

Adaptation Fund Board
Project and Programme Review Committee
Thirty-second Meeting
Bonn, Germany, 10-11 October 2023

Agenda Item 4f)

PROPOSAL FOR BANGLADESH

Background

1. The Operational Policies and Guidelines (OPG) for Parties to Access Resources from the Adaptation Fund (the Fund), adopted by the Adaptation Fund Board (the Board), state in paragraph 45 that regular adaptation project and programme proposals, i.e. those that request funding exceeding US\$ 1 million, would undergo either a one-step, or a two-step approval process. In case of the one-step process, the proponent would directly submit a fully-developed project proposal. In the two-step process, the proponent would first submit a brief project concept, which would be reviewed by the Project and Programme Review Committee (PPRC) and would have to receive the endorsement of the Board. In the second step, the fully-developed project/programme document would be reviewed by the PPRC, and would ultimately require the Board's approval.

2. The Templates approved by the Board (Annex 5 of the OPG, as amended in March 2016) do not include a separate template for project and programme concepts but provide that these are to be submitted using the project and programme proposal template. The section on Adaptation Fund Project Review Criteria states:

For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2nd step approval process. Furthermore, a final project document is required for regular projects for the 2nd step approval, in addition to the approval template.

3. The first four criteria mentioned above are:

- (i) Country Eligibility,
- (ii) Project Eligibility,
- (iii) Resource Availability, and
- (iv) Eligibility of NIE/MIE.

4. The fifth criterion, applied when reviewing a fully-developed project document, is:
(v) Implementation Arrangements.

5. It is worth noting that at the twenty-second Board meeting, the Environmental and Social Policy (ESP) of the Fund was approved and at the twenty-seventh Board meeting, the Gender Policy (GP) of the Fund was also approved. Consequently, compliance with both the ESP and the GP has been included in the review criteria both for concept documents and fully-developed project documents. The proposal template was revised as well, to include sections requesting demonstration of compliance of the project/programme with the ESP and the GP.

6. At its seventeenth meeting, the Board decided (Decision B.17/7) to approve "Instructions for preparing a request for project or programme funding from the Adaptation Fund", contained in the Annex to document AFB/PPRC.8/4, which further outlines applicable review criteria for both

concepts and fully-developed proposals. The latest version of this document was launched in conjunction with the revision of the Operational Policies and Guidelines in November 2013.

7. Based on the Board Decision B.9/2, the first call for project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Fund was sent out on April 8, 2010.

8. According to the Board Decision B.12/10, a project or programme proposal needs to be received by the secretariat no less than nine weeks before a Board meeting, in order to be considered by the Board in that meeting.

9. The following project concept document "Green, Resilient and Adaptive Chattogram Economy (GRACE) -LoCALplus was submitted for Bangladesh by International Centre for Integrated Mountain Development (ICIMOD), which is a Multilateral Implementing Entity of the Adaptation Fund.

10. This is the first submission of the project concept proposal using the two-step submission process.

11. The current submission was received by the secretariat in time to be considered in the forty first Board meeting. The secretariat carried out three technical reviews of the project proposal, with the diary number AF00000347.

12. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with ICIMOD, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

13. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25.15, the proposal is submitted with changes between the initial submission and the revised version highlighted.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: PROJECT CONCEPT

Country/Region: Bangladesh

Project Title: Green, Resilient and Adaptive Chattogram Economy (GRACE) -LoCALplus

Thematic Focal Area: Multisector

Implementing Entity: International Centre for Integrated Mountain Development (ICIMOD)

Executing Entities: Ministry of Environment, Forests and Climate Change of Bangladesh; Ministry of Local Government, Rural Development and Cooperatives of Bangladesh; Ministry of Chittagong Hill Tracts Affairs; Chittagong Hill Tracts Development Board; Three Hill District Councils; United Nations Capital Development Fund (UNCDF); Government Technical Departments/Local NGOs (TBD)

AF Project ID: AF00000347

IE Project ID:

Requested Financing from Adaptation Fund (US Dollars): 99,999,929

Reviewer and contact person: Camila Florez

Co-reviewer(s): Micol Ullmann Auger

IE Contact Person: Michelle Guertin

Technical Summary

The project “Green, Resilient and Adaptive Chattogram Economy (GRACE) -LoCALplus” aims to increase the climate resilience of local communities, ecosystems, and economies in the Chattogram Hill Tracts region of Bangladesh by establishing a Performance-Based Climate Resilience (PBCRG) top-up financing mechanism targeting concrete climate adaptation interventions. This will be done through the two components below:

Component 1: Capacity building and mainstreaming Climate Change Adaptation (CCA) into local government system for resilience interventions in line with the Performance-Based Climate Resilience Grant (PBCRG) mechanism (USD 2,597,225);

Component 2: Grant facility and PBCRG mechanism for adaptation intervention (USD 5,780,820);

Requested financing overview:

Project/Programme Execution Cost: USD 838,480

Total Project/Programme Cost: USD 9,216,615

Implementing Fee: USD 783,404

Financing Requested: USD 9,999,929

	<p>The initial technical review raised several issues, such as the need for more information on the proposed activities, the project's compliance with the ESP and GP, its cost-effectiveness, and the consultation process carried out, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.</p> <p>The second technical review found that the proposal had not addressed some of the CRs and CARs requests, including compliance with the AF's guidance for USPs, the ESP, and GP; clarification on the project's economic, social, and environmental benefits; lack of duplication with other projects; the consultation process with local communities; and the project cost-effectiveness.</p> <p>The third technical review finds that the proposal has adequately addressed all of the CRs and CARs requests for this stage.</p>
Date:	September 7, 2023

Review Criteria	Questions	Comments Second Technical Review (June 2023)	Comments Third and Final Technical Review (September 2023)
Country Eligibility	1. Is the country party to the Kyoto Protocol, or the Paris Agreement?	-	-
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	-	-
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	-	-
	2. Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	<p>CAR1: Cleared.</p> <p>The resubmission is 80 pages (without annexes). Kindly adjust the concept note to 50 pages.</p> <p>Please note that Section III of the document is not required for a concept submission. The ESMP could be included as an annex as it is not required at concept stage.</p>	CAR1: Cleared.
	3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	<p>CR1: Cleared.</p> <p>As per additional details included on pages 21 to 23, and on Annex 2.</p> <p>CR2: Not cleared.</p> <p>Table 6 in the concept note includes an investment menu describing 24 types of interventions that will be supported, in line</p>	<p>CR2: Cleared.</p> <p>As per additional details provided on pages 4, 11-16. Particularly, the project investment menu will be further refined and developed as part of the proposal development ensuring compliance with the ESP and GP.</p>

		<p>with Bangladesh’s NAP, which will be selected based on the Local Adaptation Action Plans that will be developed with the support of this project. The interventions cover three sectors: water resources, agriculture, and ecosystems & biodiversity and are wide-ranging, they include projects such as water resources management, sustainable shoreline erosion management, development of a participatory wetlands management framework, extension of stress-tolerant, pest and disease-resistant rice and non-rice crops, and farm modernization/mechanization to reduce climate vulnerability. The investment menu would benefit from further specification <u>at the fully-developed proposal stage</u>, if this is not possible, then the proponents should clearly explain why the activities cannot be formulated at the design stage, describe the specific benefits of not formulating an activity at that stage, and explain how these benefits outweigh the increased risk on non-compliance with the ESP and GP (as required Fund’s revised guidance on USP).</p> <p>Proponents have provided criteria for the release of funds in Annex 4, however, it is not clear how the proposed USPs will be selected and technically evaluated (i.e.,</p>	<p>CR5: Cleared. As per additional information provided on page 14. One multi-district climate risk vulnerability assessment (CRVA) will be undertaken. The CRVA will use the upazila as unit of analysis, with each upazila having its risk index and related data set. Kindly provide more details on which sectors will be targeted on the CRVA.</p> <p>CR6: Cleared. As per additional information provided on page 10, and Annex 1, which includes the theory of change.</p> <p>CR7: Cleared. As per additional information provided on page 14.</p> <p>CR8: Cleared. As per additional information provided on pages 11, 14-15, and Annex 1 on page 39.</p>
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		<p>eligibility or exclusion criteria of activities), to ensure concrete adaptation actions are implemented beyond business-as-usual environmental projects. Please provide an outline of how this will be done.</p> <p>Further, more information is needed regarding how the funds will be used under Component 2 – including the percentage of funding that would be used for grants, and the potential size of the grants. The concept note indicates that size of the grants could amount to between 25% to 40% of inter-governmental fiscal transfers, with an average amount per adaption intervention to be approximately USD 50,000. It is not clear however if there will be a maximum amount, or if there is an approximate target for the number of grants to be given. It would be helpful to provide an approximate number of the potential USPs that will be implemented. The concept note also states that 60% of the implementation budget will be directed towards Component 2 but does not specify the breakdown.</p> <p>These details will be needed <u>in the fully-developed proposal</u>. Please provide initial indications in the concept note.</p>	
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		<p>Regarding the social setting, the project interventions are planned to take place in 9 (out of 25) upazilas within the three districts of CHT (Bandarban, Khagrachhari, and Rangamati), but it is not clear whether the target upazilas have been identified. Please clarify the selection process of the upazilas and any criteria that may be used for such selection.</p> <p>Considering the inherent challenges to assessing the risks of USPs, it would be advisable to select the upazilas during the development of the full proposal (rather than the inception stage). This would allow for an improved evaluation of the environmental and social setting of potential project activities, and consequently, for an improved ESMP (please see CR31).</p> <p>CR3: Cleared. As per additional information included on pages 24-25.</p> <p>CR4: Cleared. As per additional information included on pages 24-25.</p> <p>CR5: Not cleared. LoGIC's Climate Change Risk Assessment methodology is included in Annex 3 on pages 83-85. However,</p>	
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		<p>information is needed regarding how many local climate risk assessments will be carried out and whether these will focus on particular districts or economic sectors.</p> <p>CR6: Not cleared. A theory of change statement has been provided on page 18, but more details are needed regarding the way that activities and outputs lead to the expected outcomes (Table 4).</p> <p>CR7: Not Cleared. Additional information is provided on pages 22 to 25. However, please clarify the “top-down approach, including risk assessments based on downscaled climate models and earth observation sciences” cited on page 25.</p> <p>CR8: Not cleared. Project activities need to be included for each output of Component 2. Please note that an initial description of the activities should be provided at this stage. Activities should be numbered under corresponding outputs in section II – A (for both Components 1 & 2).</p>	
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		<p>CR9: Cleared. As per additional details included on pages 10-11.</p>	
	<p>4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>CR10: Not cleared. Population estimates for the three targeted districts, broken down by gender are included on pages 27-28. However, figures are needed regarding the vulnerable groups, including the number of marginalized ethnic and local tribe groups and groups with disabilities. Kindly provide the data relevant to the project beneficiaries (in addition to the population figures).</p> <p>CR11: Not cleared. Project benefits to the marginalized ethnic and local tribal groups have not been stated.</p>	<p>CR10: Cleared. Additional information regarding ethnic groups has been provided based on the 2011 population census.</p> <p><u>Please note that the fully developed proposal</u> should include details regarding local tribe groups and groups with disabilities in the project area.</p> <p>CR11: Cleared. The proposal states that tribal groups will benefit from project activities, including raising awareness, building capacity, and participating in locally-led climate adaptation interventions. The PBCRG system will also enable their participation in decision-making processes.</p> <p><u>In the fully developed proposal,</u> it is expected that the document shows how consultations with tribal groups have informed the project, including project benefits. This is critical as the project cites “superficial integration” and exclusion of these groups as key risks. Thus, project design and benefits should build on the results of comprehensive consultations with marginalized ethnic and local tribal groups.</p>

		<p>CR12: Not cleared. The project will facilitate the participation of vulnerable communities in Local Adaptation Plans of Action and envisions actions in hard-to-reach areas. However, further clarification is needed on how the benefits of the adaptation interventions will be equitably distributed to vulnerable communities (e.g., will certain criteria be used to prioritize investments?). In addition, the project commits to ensuring the participation of at least 50% of women in project activities and of marginalized groups. However, marginalized groups have not been identified or consulted.</p> <p>CR13: Not cleared. Potential interventions for the agriculture sector have been included in the investment menu in Table 6. However, more details are needed regarding the project activities that would lead to economic growth or improve income generation and how.</p>	<p>CR12: Cleared. More details have been included regarding gender mainstreaming and participation targets for women. The grant allocation will also consider poverty as a proxy for vulnerability. And, one performance requirement of the PBCRG is to include marginalized communities, women, and youth.</p> <p>Baselines and targets for other marginalized groups (particularly tribal groups) have not been included in the concept note. In a fully developed proposal, the proponent needs to include the baseline data and targets for marginalized groups (to assess the equitable distribution of benefits to these groups).</p> <p>CR13: Cleared. As per additional information provided on page 46, which indicates activities that improve agricultural productivity and foster partnerships with local microfinance and CSO groups. <u>Please note that in the fully developed proposal</u>, it would be useful to include more details on activities that would lead to increased income generation, for example, training on improved access to markets and how specifically the project will improve access to financial</p>
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		<p>CR14: Cleared. As per details in Table 6, pages 26-27.</p> <p>CR15: Cleared.</p> <p>CAR2: Not cleared. An initial gender assessment has been included in Annex 1. However, the information provided in this assessment is limited and does not explain specific gender dynamics in CHT.</p>	<p>mechanisms, such as potential agreements with banks or improved access to climate-related disaster-risk financing in the event of droughts or floods.</p> <p>CAR2: Cleared. As per additional information provided in Annex 2 on page 42.</p>
	<p>5. Is the project / programme cost effective?</p>	<p>CR16: Not cleared. Table 7 on page 34 compares the benefits of the proposed project approach (i.e., local level, grants with performance measures) to alternative project design approaches (e.g., national level, one-off grant). This provides a sound basis for understanding the effectiveness of the proposed approach. However, information about the cost-effectiveness of the adaptation scope is also needed.</p> <p>CR17: Not cleared. Annex 5 includes a list of performance measures, including those related to budgets. However, the cost-effectiveness criteria for selecting adaptation activities need to be elaborated further.</p> <p>CR18: Cleared. As per additional information provided on page 26, and Annexes 4 & 5.</p>	<p>CR16: Cleared. As per additional information provided on page 21.</p> <p>CR17: Cleared. The cost-effectiveness of the investment menu items (adaptation actions) will be estimated for the fully developed proposal.</p>

	6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	<p>CR19: Cleared. As per additional details included on pages 35-36.</p>	-
	7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	<p>CR20: Not cleared. The proponents have provided links to governmental technical rules and guidelines in Bengali (in the response sheet). Kindly specify which technical standards apply to the project, specifying to which potential activity in the investment menu. Please include this in section II – E of the concept note.</p>	<p>CR20: Cleared. Further information is provided in Annex 5 on page 46. The information includes some guidelines but mostly high-level policies (e.g., national water policy) rather than technical guidelines (e.g., water quality standards). <u>In the fully developed proposal</u>, the document must include specific standards relevant to the project (and include the identified policies in Annex 5 to complement Section II-D).</p>
	8. Is there duplication of project / programme with other funding sources?	<p>CR21: Cleared. As per additional details on the LoGIC project included on pages 21-23, and on Annex 2 on page 82.</p> <p>CR22: Cleared. As per additional information provided on pages 44-46.</p>	<p>CR23: Cleared. As per additional information provided in Table 6 on pages 26-28.</p>

		<p>CR23: Not cleared. Table 7 shows overlap with the GEF and UNDP projects, but more explanation is needed regarding potential lessons to build on. An explanation of the lack of duplication with the BCRL project in the Khagrachhari district regarding adaptation interventions, financial instruments, and adaptation mainstreaming is needed. Likewise, please provide more information on the complementarity with the SID-CHT project, which has a geographic overlap with the proposed project.</p> <p>CR24: Cleared. As per additional information included on pages 44-46.</p>	
	<p>9. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?</p>	<p>CR25: Cleared. As per additional information included on pages 21-23.</p>	-
	<p>10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>CR26: Not cleared. Additional information has been included on pages 49-53. However, not all consultations with local representatives have taken place yet, with some projected for June and July 2023.</p> <p>CR27: Not cleared. Consultations at the community level, including women's groups, are planned for June 2023.</p>	<p>CR26: Cleared. As per additional information on pages 30 – 32. Consultations at the district and upazila levels were completed in July 2023.</p> <p>CR27: Cleared. The proponents have indicated that women and women groups participated in the workshop consultation. <u>The fully developed proposal</u> must provide specific details of these consultations, including women's concerns raised during this</p>

		<p>CR28: Not cleared. Consultations with tribal group representatives are planned for June 2023.</p> <p>CR29: Cleared.</p> <p>CAR3: Not cleared.</p>	<p>process, and how these informed the project design.</p> <p>CR28: Cleared. The proponents have indicated that tribal group representatives participated in a consultation taken in July 2023. <u>The fully developed proposal</u> should specifically indicate the number of tribal group representatives participating in all consultations, the groups they represent, how many meetings they attended, on which days, and their contributions to these consultations. The consultations list provided should categorize the groups to understand which and how many are representatives from tribal groups.</p> <p>CAR3: Cleared. A list of consultations, with objectives and outcomes, has been included. <u>Please note that a the project development phase</u> should undertake more comprehensive consultations and the proposal needs to provide further details on the consultative process, including the date of each consultation meeting, attendance lists, principles of choice, role ascription, and a description of the consultation techniques (tailored specifically per target group).</p>
	11. Is the requested financing justified on the basis of full	<p>Not cleared. The proponents have provided a list of 24 potential adaptation interventions (USPs).</p>	<p>Cleared.</p>

	cost of adaptation reasoning?	The concept note has indicated that a 2022 cost-benefit analysis of the LoGIC investments reveals that for USD 1 invested, the benefit was USD 3.91. However, further details are needed once the project interventions are further specified. <i>Please see CR2.</i>	As per additional information provided on pages 33-34.
	12. Is the project / program aligned with AF's results framework?	-	-
	13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	CR30: Not cleared. The environmental screening criteria have yet to be provided.	CR30: Cleared. As per additional information provided on page 16.
	14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	CR31: Not cleared. The initial assessment now identifies some potential risks from the project. Considering the investment menu in water, agriculture, and ecosystems, it is advisable to further analyze potential impacts and risks in a more nuanced manner and also consider risks concerning the protection of natural habitats and conservation of biological diversity (even if the project interventions aim to support environmental sustainability, the potential interventions of the investment menu can lead to unintentional impacts). Please note that if the fully-developed project contains USP, then the risk assessment of the USP activities will need to be carried out during implementation,	CR31: Cleared. As per additional information provided in Annex 6 on pages 48-50. The risk assessment of the USP activities will be carried out during implementation. Compliance with the use of ACCAF, respect for the menu of eligible investments, and national legislation for ESS will be checked during the annual performance assessments, in addition to continuous monitoring.

		<p>once the activities have been fully identified.</p> <p>CR32: Cleared. As per the information provided on page 58.</p> <p>CR33: Cleared (for this stage). An ESMP has been included on pages 65 – 70, and the document states that 10% of grants would be allocated for social and environmental risk screening of USPs. Please note that the ESMP is required <u>in the fully-developed proposal</u>.</p> <p><u>In the fully-developed proposal</u>, the ESMP needs to define who will be responsible for the implementation of the ESMP, who will have which role, how the management activities will be funded, and what information will be collected to monitor the implementation of the ESMP and report on it accordingly. The ESMP will have to be further developed with meaningful monitoring plans and include a transparent and easily accessible grievance mechanism in <u>the fully developed proposal</u>. Also, consultations with vulnerable groups should be carried out beforehand to identify all concerns and potential social risks (Please see CRs 26, 27, and 28).</p>	
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	-	-
	2. Is the Implementing Entity Management Fee at or	-	-

	below 8.5 per cent of the total project/programme budget before the fee?		
	3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	-	-
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	-	-
Implementation Arrangements	1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?		
	2. Are there measures for financial and project/programme risk management?		
	3. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?		

	4. Is a budget on the Implementing Entity Management Fee use included?		
	5. Is an explanation and a breakdown of the execution costs included?		
	6. Is a detailed budget including budget notes included?		
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?		
	8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?		
	9. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?		

	10. Is a disbursement schedule with time-bound milestones included?		
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ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: Regular-sized Project Concept

Country/Region: Bangladesh

Project Title: Green, Resilient and Adaptive Chattogram Economy (GRACE) -LoCALplus

Thematic Focal Area: Multisector

Implementing Entity: International Centre for Integrated Mountain Development (ICIMOD)

Executing Entities: Ministry of Environment, Forests and Climate Change of Bangladesh; Ministry of Local Government, Rural Development and Cooperatives of Bangladesh; Hill District Development Board; Three Hill District Councils; United Nations Capital Development Fund (UNCDF); Arannyk Foundation

AF Project ID:

IE Project ID:

Requested Financing from Adaptation Fund (US Dollars): 10,000,000

Reviewer and contact person: Camila Florez

Co-reviewer(s): Micol Ullman

IE Contact Person: Michelle Guertin

<p>Technical Summary</p>	<p>The project “Green, Resilient and Adaptive Chattogram Economy (GRACE) -LoCALplus” aims to increase the climate resilience of local communities, ecosystems, and economies in the Chattogram Hill Tracts region of Bangladesh by establishing a Performance-Based Climate Resilience (PBCRG) top-up financing mechanism targeting concrete climate adaptation interventions. This will be done through the two components below:</p> <p><u>Component 1:</u> Capacity building and mainstreaming Climate Change Adaptation (CCA) into local government system for resilience interventions in line with the Performance-Based Climate Resilience Grant (PBCRG) mechanism (USD 1,617,000);</p> <p><u>Component 2:</u> Grant facility and PBCRG mechanism for adaptation intervention (USD 6,800,000);</p> <p><u>Requested financing overview:</u> Project/Programme Execution Cost: USD 799,615 Total Project/Programme Cost: USD 9,216,615 Implementing Fee: USD 783,385 Financing Requested: USD 10,000,000</p>
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	<p>The technical review raises several issues, such as the need for more information on the proposed activities, the project's compliance with the ESP and GP, its cost-effectiveness, and the consultation process carried out, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.</p>
Date:	April 24 th , 2023

Review Criteria	Questions	Comments	Response
Country Eligibility	1. Is the country party to the Kyoto Protocol, or the Paris Agreement?	Yes.	
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	Yes. Bangladesh is particularly vulnerable to increased precipitation, rainfall variability, and extreme events, which are expected to increase flood risk, crop damage, and soil erosion in the Chattogram Hill Tracts.	
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	Yes. As per the Endorsement letter dated February 26 th , 2023.	
	2. Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	Yes. CAR1: For acronyms, please provide the full term the first time you use it, putting the acronym in parentheses. A list of all acronyms used in the document would also be helpful.	CAR1: Addressed.
	3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	Not clear. The project aims to strengthen climate resilience through capacity-building support to implement a performance-based climate resilience (PCBRG) mechanism that provides grants for adaptation projects (unidentified sub-projects - USPs). The project scales up the UNDP and UNCDF LoGIC project, which has provided PBCRGs to local government authorities (LGAs) for climate-resilient investments in Bangladesh.	

		<p>The PBCRG would enable stakeholder engagement in decision-making on proposed resilience initiatives and their financing at subnational/local levels to reduce their particular vulnerabilities, particularly in finance and capacity for LGAs and the communities they serve.</p> <p>Overall, the project has the potential to support concrete adaptation actions but needs further specification.</p> <p>CR1: Given that the proposed project is building and scaling up the LoGIC project, further details are needed regarding the latter. Part II, section A, describes the global LoCAL program and the LoGIC project; however, at times, it is not clear if the descriptions concern the already implemented project or the proposed project (i.e., LoCALplus). Kindly provide detailed information on what has been developed and implemented already under the LoCAL mechanism (particularly, Bangladesh’s Phase I and Phase II), the LoGIC project, and what would be new and additional with the “Green, Resilient and Adaptive Chattogram Economy (GRACE) -LoCALplus” project.</p> <p>CR2: Component 2 focuses on the grant facility to finance USPs in the three districts composing the Chattogram Hill Tracts. This component requires USD\$ 6.8 million, a significant amount of funds to finance activities that have not been identified sufficiently nor have a specific location where to be implemented. Please detail how the funds will be</p>	<p>CR1: Agree. This has been addressed in the proposal under Part II, section A. Also see Annex 1, which provides an overview of the experience from LoGIC.</p> <p>CR2:</p> <p>Activities supported by PBCRG: an investment menu has been included under Part II, section A describing the</p>

		<p>used under Component 2 – including the percentage of funding that would be used for grants, the size of the grants, the allocation mechanisms, and the type of activities to be funded.</p> <p>More specifically, what kind of activities would the PBCRG support? How would these respond to the climate hazards identified? What particular criteria would the grant facility rules have to select projects and activities? Where would the activities be located (in which upazilas)?</p> <p>Furthermore, please be advised that fully unidentified activities are not allowed. Kindly refer to the Fund’s revised guidance on USP available here: https://www.adaptation-fund.org/wp-content/uploads/2021/05/Updated-guidance-on-USPs-.pdf . The concept note states that during the full proposal stage, an Environment and Social Impact Assessment, along with a Gender and Social Inclusion Assessment, will be developed in close consultations with communities and local governments. Does the proponent envision that all USPs will be fully identified (both the type of activity and the locality) during the full proposal development stage?</p> <p>CR3: One of the expected outcomes of Component 1 is “Improved capacity of local government <i>and communities</i> on planning, designing, executing and reporting on climate change adaptation projects”. However, the description of project activities under Component 1 does not include communities’ capacity building (paragraphs 51 to 55). Please clarify.</p>	<p>types of interventions that will be supported, in line with Bangladesh’s NAP.</p> <p>Guidelines for vulnerability assessment can be found in Annex 2 and criteria used for the allocation of grants under Annex 3</p> <p>Location of the interventions: in 9 upazilas within the three districts of CHT (Bandarban, Khagrachhari and Rangamati. Tentatively 3 in each districts (to be confirmed during inception phase)</p> <p>Intervention to be funded through the PBCRG will be in line with the investment menu and based on the LAPAs that will be developed with the support of this project.</p> <p>CR3: Agree. This has been addressed in the proposal under Part II, section A.</p>

		<p>CR4: Output 1.2 refers to mainstreaming climate change into local plans and programs. However, the project activities described do not include provisions for this mainstreaming. Please indicate the relevant activities.</p> <p>CR5: In paragraph 54, the document states that local climate risk assessments will be undertaken to inform planning and budgeting processes. Please provide more information on these assessments. How many local climate risk assessments will be carried out? Would these focus on particular districts or economic sectors?</p> <p>CR6: Please improve the project’s theory of change, particularly the logic paths from outputs to outcomes. In Table 4, four outcomes are included under Component 1. Please address the following: Regarding Outcome 2, how will raising awareness, training and climate adaptation mainstreaming lead local governments to sustain project activities and outcomes after the project ends? Concerning Outcome 3, “Knowledge generated during project implementation is documented, archived, and disseminated widely, including across the Hindu Kush Himalaya region,” which are the outputs considered leading to this outcome? Regarding Outcome 4, “Local climate data and information is collected and made accessible for project design and planning,” which are the outputs considered leading to this outcome?</p>	<p>CR4: Agree. This has been addressed in the proposal under Part II, section A.</p> <p>CR5: This has been addressed in the proposal under PART II, section A.</p> <p>CR6: This has been clarified under “Theory of Change” and in Table 4.</p>
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		<p>CR7: Technical support provided to upazilas described in paragraph 58 focuses on implementing adaptation plans through annual activity programs and the execution and preparation of annual assessments. Kindly explain the status of adaptation planning of upazilas in the CHT. Please clarify if the annual assessments are an institutionalized mechanism at the local level or if this is a new process under the PBCRG?</p> <p>CR8: In paragraph 59, the document outlines three outputs for component 2. Please outline the project activities for each output. Further, the technical support explained in paragraph 58, would be carried out under which output?</p> <p>CR9: As the project will support adaptation activities in target sectors prioritized in the NAP (agriculture, water management, biodiversity, and energy), please briefly indicate climate impacts in these sectors in Part I.</p>	<p>CR7: This has been addressed in the proposal under PART II, section A. They are meant to be institutionalized mechanisms at the local level. Status: no planning currently in place at upazila level in the CHT.</p> <p>CR8: Component 2 has been further clarified in the proposal under PART II, section A.</p> <p>CR9: This clarification has been added under the “Projected climate change and impacts in Bangladesh and the CHT” section in Part I</p>
	<p>4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and</p>	<p>Yes, but further information is needed.</p> <p>The project aims to strengthen the resilience of vulnerable mountain communities in three districts of CHT: Baridarban, Khagrachhari, and Ragamati, including the public sector (government leaders, officers, and administrators), private sectors (cooperatives, Micro, Small, and Medium Enterprises, etc.), civil society organizations, and other community stakeholders. 50% of beneficiaries will be women.</p> <p>The project would support the targeted areas in sectors prioritized in the NAP for the CHT region,</p>	

	<p>Gender Policy of the Fund?</p>	<p>the current Five-Year Plan, and other plans and policies outlined in Section D, including agriculture, water management, ecosystems/biodiversity, and renewable energy.</p> <p>CR10: Please provide details regarding project beneficiaries, including an estimated number of community members, tribal population, women's groups, and groups with disabilities.</p> <p>CR11: Kindly outline the project benefits to the marginalized ethnic and local tribal groups.</p> <p>CR12: Please clarify how the project will ensure the equitable distribution of benefits to vulnerable communities, households, and individuals.</p> <p>CR13: The project document states that the project would contribute to economic growth, particularly in the agricultural sector. However, it is not clear what type of project activities would lead to this growth or improve income generation, and how. Kindly clarify.</p> <p>CR14: The concept note indicates that the investment menu items have already been screened against social and environmental criteria. Kindly provide the list of investment menu items and outline their environmental benefits.</p> <p>CR15: The proposal includes a 2008 case study on the social vulnerabilities of one local tribal group, the Rakhine community, but it is not clear if this is one of the project's target groups, and whether the data is</p>	<p>CR10: Agreed. Addressed under Part II, Section B.</p> <p>CR11: Agreed. Addressed under Part II, Section B.</p> <p>CR12: Agreed. Addressed under Part II, Section B.</p> <p>CR13: An investment menu with specific interventions that will be applied as part of the grant mechanism has been included under Part II section A, including for agriculture.</p> <p>CR14: A column on environmental benefits has been added to the investment menu in section A.</p> <p>CR15: This was an error on our part. It has been removed.</p>

		<p>still valid, given the age of the assessment. Please clarify.</p> <p>CAR2: Please include an initial gender assessment, including qualitative and quantitative data for gender roles, activities, challenges, and opportunities, and/or identify how changing gender dynamics might drive lasting change.</p>	<p>CAR2: An initial gender assessment has been included in annex X, summarizing how the project will take into account gender considerations.</p>
	<p>5. Is the project / programme cost effective?</p>	<p>Not clear.</p> <p>The project would implement the PBCRG system that could potentially enhance the cost-effectiveness of local adaptation measures. Thus, capacity building and technical support are appropriate to ensure the cost-effectiveness of the investment as a whole. However, given the lack of specification of the USPs, and the fact that these constitute the large majority of the project investment; cost-effectiveness can only be evaluated when they are further defined.</p> <p>CR16: The concept note needs to outline why the project scope and approach are cost-effective in reducing vulnerabilities and increasing adaptive capacity (i.e., why the chosen activities are the most cost-effective way to achieve the project aim). Please include a clear description of alternative options to the proposed measures that could have taken place to help adapt and build resilience in the same setting, with quantitative estimates where feasible to allow for a good assessment of the project/programme cost-effectiveness.</p> <p>CR17: Please specify what cost-effectiveness criteria would be applied in selecting the climate</p>	<p>CR16: A cost benefit analysis has been included under Part II, section B, including a recently calculated cost benefit of the PBCRG mechanism (quantified). Alternatives have been included in the table under column “Alternative interventions and trade-offs”</p> <p>CR17: Addressed. The performance measures to be monitored during the</p>

		<p>adaptation activities and investments under component 2.</p> <p>CR18: Please clarify how the project will ensure that the LoCAL top-up grants will continue to be used to finance only climate adaptation actions, rather than potentially unrelated investments, considering they are disbursed as part of the local governments' regular budget envelope, as outlined on page 24.</p>	<p>implementation of the grants will cover elements of cost-effectiveness. See Annex 5.</p> <p>CR18: Specific oversights have been included under Part II section A and C.</p>
	<p>6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?</p>	<p>Yes, but more details are needed.</p> <p>The concept note has outlined the project's alignment with Bangladesh's NAP, Climate Change Strategy and Action Plan, and Country Investment Plan for Environment, Forestry and Climate Change, among other relevant policy documents.</p> <p>CR19: Please outline the project's alignment with Bangladesh's NDC.</p>	<p>CR19: Agreed. NDC has been included under Part II, Section D.</p>
	<p>7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?</p>	<p>No.</p> <p>The concept note has identified some national technical policies relevant to the project. However, technical standards for all potential USPs sectors need to be considered, including water, energy, agriculture, forests, and biodiversity.</p> <p>CR20: Please indicate all relevant technical standards that may be needed for the sectors</p>	<p>CR20: In Bangladesh's NAP, each of the interventions identified (which form the</p>

		outlined in the proposal and how the project will ensure compliance with these.	investment menu) specific activities are identified. GRACE LoCALplus will follow the governmental technical rules, ¹ guidelines, ² and orders ³ depending on the interventions funded in line with the investment menu.
	8. Is there duplication of project / programme with other funding sources?	<p>Not clear.</p> <p>While the proposed project can learn from and has synergies with several projects outlined in Table 7, this is the only project focused on creating a system of performance-based climate resilience investments. However, the project intends to scale up the LoGIC project, and detailed information about the LoGIC project is missing.</p> <p>CR21: Please provide more detailed information about the LoGIC project, including its outcomes and outputs and where it has been implemented. Additionally, it would be necessary to understand the lessons learned from this project, and a more nuanced understanding of the first two phases of the LoGIC project (See also CR 1).</p> <p>CR22: The concept note does not provide a complete list of projects that could potentially overlap with the proposed project for example, the “CHT Climate Resilience Project (CCRP)”, executed by Strengthening Inclusive Development in</p>	<p>CR21: Agreed. See Annex 2 – overview of LoGIC</p> <p>CR22: Agreed. List has been updated accordingly.</p>

¹ [http://www.doe.gov.bd/site/page/42f46f96-b2c1-499a-8f5d-38464ea53743/-](http://www.doe.gov.bd/site/page/42f46f96-b2c1-499a-8f5d-38464ea53743/)

² [http://www.doe.gov.bd/site/page/98172bcc-7329-4840-be3f-07764608749b/-](http://www.doe.gov.bd/site/page/98172bcc-7329-4840-be3f-07764608749b/)

³ [http://www.doe.gov.bd/site/page/77d144ab-f82a-4fc3-a61c-5bd6547ca646/-](http://www.doe.gov.bd/site/page/77d144ab-f82a-4fc3-a61c-5bd6547ca646/)

		<p>Chittagong Hill Tracts (SIDCHT) and UNDP Bangladesh. Kindly include this project and all other relevant projects in the country. This assessment should not be limited to the financial dimension of the proposed project but should consider adaptation activities that would be supported.</p> <p>CR23: In Table 7, seven projects have been identified that are complementary to the proposed project. However, the lack of overlap with these projects is not adequately addressed. For example, how does the GEF project 10207 lack overlap when working on innovative financial instruments for climate resilience in the Chattogram Hill Tract region? Kindly revise Table 7 outlining the lack of thematic and geographic overlap for each project.</p> <p>CR24: At full proposal development, a dialogue with all other relevant climate resilience projects in the hill regions of Bangladesh will be further coordinated to ensure the best alignment and additional screening for more parallel initiatives at regional and global levels. Please specify how the project will coordinate with other existing initiatives and development partners to ensure synergies and collaboration with other relevant initiatives.</p>	<p>CR23: Agreed. Table revised to clearly identify overlap and complementarity.</p> <p>CR24: Agreed. Projects from Table 7 requiring dialogue during project design and implementation have been added, noting that this is mostly with UNDP.</p>
	<p>9. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?</p>	<p>Yes, but further information is needed. Throughout the project, activities dedicated to knowledge management have been considered, including the development of knowledge products, workshops, training, and dialogues at the local and national government levels for mainstreaming and policy influence.</p>	

		<p>The project will benefit from and build on the established knowledge dissemination methods used in the LoGIC model. Effective knowledge management will be assured by applying the performance measure (PM) indicators of the LoCAL model. If an LGA performs well in knowledge management and other performance measures during its Annual Performance Assessment (APA), it will be allocated an increase in the PBCRG for the next year.</p> <p>CR25: Knowledge management activities and outputs should be clearly outlined in section A (which is relevant to ensure future budget allocations). Please amend accordingly.</p>	<p>CR25: Clarity has been added to Section A on component 1 to specify where knowledge management activities and outputs fit into the project.</p>
	<p>10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>No. Preliminary consultations were held, including a scoping workshop with MoEFCC officials on August 13, 2022, where the PBCRG model was introduced, and the conception of the Adaptation Fund proposal was laid out. Further consultations have been carried out with national government representatives and multilateral organizations. Consultations with local government authorities have taken place concerning UNCDF's climate-resilient water access investments; however, it is unclear if consultations with local governments and stakeholders have focused on the proposed project.</p> <p>CR26: Kindly indicate which local representatives (LGAs) have been consulted for developing the concept note.</p>	<p>CR26/27/28: Agreed. Information regarding consultations has been updated accordingly. Noting,</p>

		<p>CR27: Kindly outline which communities and women’s groups have been consulted on the proposed project.</p> <p>CR28: Please indicate whether tribal groups identified in the proposal have been consulted, and how their interests and concerns have informed the concept note.</p> <p>CR29: The concept note refers to national and provincial requirements in Vanuatu (para 118). Please explain the relevance of these requirements for the proposed project.</p> <p>CAR3: Please provide a report documenting the consultative process and contains a) the list of stakeholders already consulted (principles of choice, role ascription, date of consultation), b) a description of the consultation techniques (tailored specifically per target group), c) the key consultation findings (in particular, suggestions and concerns raised)</p>	<p>however, that consultations at the district level are planned for June 2023, while additional inter-ministerial consultations will also take place in June and July 2023 for final endorsement of the proposal.</p> <p>CR29: This was an error on our part. It has been removed.</p> <p>CAR3: This has been added in Table 9.</p>
	<p>11. Is the requested financing justified on the basis of full cost of adaptation reasoning?</p>	<p>Yes, but further information is needed.</p> <p>The concept note provides baseline scenarios and explains the additionality of mainstreaming climate adaptation into local planning and budgeting processes, as well as the increased preparedness for performance-based financing. However, the concept note needs to address its additionality in adapting to climate change, which may be only possible when USPs are defined (see CR2).</p>	<p>This has been addressed in the proposal under PART II, section A</p>

	12. Is the project / program aligned with AF's results framework?	<p>Yes.</p> <p>The project states its alignment with Fund outcomes 2 and 3.</p>	
	13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	<p>Yes, but more information is needed.</p> <p>The concept note has explained the technical, financial, institutional, social, and environmental sustainability of the project. However, further details about the sustainability of the adaptation outcomes are necessary, which will need to be explained once the USPs are clearly outlined in the proposal (please see CR2). Please also see CR18 regarding financial sustainability.</p> <p>CR30: The concept note indicates that project activities chosen from the investment menu have already been cross-checked for environmental screening criteria. Please provide the list of these project activities and the criteria used.</p>	<p>CR30: This has been addressed in the proposal under PART II, section A. The addition of the investment menu provides the list of interventions that will be support as part of the PBCRG mechanism.</p>
	14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<p>No.</p> <p>The project is classified as Category B. This project includes fully unidentified USPs (which are not allowed), and the risk levels for the 15 principles have been classified as low. Furthermore, this project takes place in the CHT, which has a significant tribal population, requiring a full risk identification.</p>	

		<p>CR31: The initial risk assessment does not identify and/or explain risks. Conversely, the document mostly states the expected project benefits and its alignment with the principles. This analysis needs first to consider the potential risks and impacts. Please review the indications of the Fund's guidance compliance with ESP: https://www.adaptation-fund.org/wp-content/uploads/2016/07/ESP- Guidance Revised-in-June- 2016 Guidance-document-for-Implementing-Entities-on- compliance-with-the-Adaptation- Fund-Environmental-and-Social-Policy.pdf</p> <p>CR32: The concept note indicates that projects implemented will be categorized in category B. Please explain how this has been determined.</p> <p>CR33: An Environmental and Social Risk Management Plan (ESMP) is required for projects with USPs, ensuring that the AF ESP and GP are applied to each project. Please note that an ESMP and Gender Action Plan with adequate provisions to ensure that all USPs comply with the ESP and GP is required <u>at full proposal stage.</u></p>	<p>CR31: Additional detail has been provided on risk screening, and how risks surrounding USPs will be managed, in Part III, section C. An ESMP has been developed to detail individual principle risk screening, potential mitigation measures, and monitoring plan.</p> <p>Risks pertaining to working with tribal populations and women have been clarified.</p> <p>CR32: This has been explained in section K.</p> <p>CR33: An ESMP has been developed and entered in section K.</p>
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	Yes.	
	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total	Yes.	

	project/programme budget before the fee?		
	3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	Yes.	
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	Yes.	
Implementation Arrangements	1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?	n/a at concept stage	A section on project/programme management has been added to Part III Section A
	2. Are there measures for financial and project/programme risk management?	n/a at concept stage	A section on financial and project/programme risk management has been added in Part III, section B.
	3. Are there measures in place for the management of for environmental and social risks, in line with	n/a at concept stage	Yes, measures have been included under Part III, Section C.

	the Environmental and Social Policy and Gender Policy of the Fund?		
	4. Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage	To be provided in the next version of the proposal.
	5. Is an explanation and a breakdown of the execution costs included?	n/a at concept stage	To be provided in the next version of the proposal.
	6. Is a detailed budget including budget notes included?	n/a at concept stage	To be provided in the next version of the proposal.
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	n/a at concept stage	Arrangements for monitoring and evaluation, including a budgeted M&E plan, has been added to Part III section D. A results framework including sex-disaggregated indicators and targets has also been added in section E.
	8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage	To be provided in the next version of the proposal.

	<p>9. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?</p>	<p>n/a at concept stage</p>	<p>Alignment with the adaptation fund's results framework is demonstrated in Table 8 of the proposal- the project is aligned with Outcomes 2 and 8, and several core outcome indicators (Outcome indicators 2.1, 2.2, 8.1) and several core output indicators (2.1.2, 2.2.2, 8.2.2, 1.1, 7.1, 7.2, 6.1.1, 8.2.1, and 8.2.2). Alignment with core impact indicators is also clearly described in Section F, table 9.</p> <p>A results framework has been built out to include assumptions, baselines, targets, data collection methods and frequencies.</p>
	<p>10. Is a disbursement schedule with time-bound milestones included?</p>	<p>n/a at concept stage</p>	<p>To be provided in the next version of the proposal.</p>



CONCEPT NOTE PROPOSAL FOR SINGLE COUNTRY

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Green, Resilient, and Adaptive Chattogram Economy (GRACE) -LoCALplus

Country: Bangladesh

Thematic Focal Area: Multisector

Type of Implementing Entity: Regional Implementing Entity

Implementing Entity: International Centre for Integrated Mountain Development (ICIMOD)

Executing Entities:

- Ministry of Environment, Forests and Climate Change of Bangladesh (MoEFCC);
- Ministry of Local Government, Rural Development and Cooperatives of Bangladesh
- Ministry of Chittagong Hill Tracts Affairs (MoCHTA)
- Chittagong Hill Tracts Development Board;
- Three (Bandarban, Khagrachari, and Rangamati) Hill District Councils;
- United Nations Capital Development Fund (UNCDF);
- Government Technical Departments/Local NGOs (TBD)

Amount of Financing Requested: 10,000,000 (in U.S Dollars Equivalent)

Letter of Endorsement (LOE) signed: Yes No

Stage of Submission:

This concept has been submitted before

This is the first submission ever of the concept proposal

In case of a resubmission, please indicate the last submission date: As part of the rolling review/submission process. Previous version dated 16 May, 2023.

Acronyms

ADB: Asian Development Bank	M&E: Monitoring and Evaluation
ATM: Adaptation, Tracking and Measuring System	MEL: Monitoring, Evaluation and Learning
BAU: Business as Usual	MIS: Management Information System
CCA: Climate Change Adaptation	MoCHTA: Ministry of Chattogram Hill Tracts Affairs
CCKP: Climate Change Knowledge Portal	MoEFCC: Ministry of Environment, Forests and Climate Change
CRVA : Climate Risk and Vulnerability Assessments	NAP: National Adaptation Plan
CHT: Chattogram Hill Tracts	NC: National Communication
GCF: Green Climate Fund	NDCs: Nationally Determined Contributions
GCMs: Global Climate Models	ND-GAIN: Notre Dame Global Adaptation Initiative
GDI: Gender Development Index	PBCRG: Performance-Based Climate Resilience Grants
GGGI: Global Gender Gap Index (GGGI)	RCMs: Regional Climate Models
GII: Gender Inequality Index	RCPs: Representative Concentration Pathways
GoB: Government of the People's Republic of Bangladesh	UNCDF: United Nations Capital Development Fund
HDC: Hill District Councils	UNFCCC: United Nations Framework Convention on Climate Change
HDI: Human Development Index	UNPs: Union Parishads
ICIMOD: International Centre for Integrated Mountain Development	UPs: Upazila Parishads
IPCC: Intergovernmental Panel on Climate Change	WEF: World Economic Forum
IUCN: International Union of Conservation of Nature	ZPs: Zila Parishads
LAPA: Local Adaptation Plan of Action	
LDCs: Least Developed Countries	
LGAs: Local Government Authorities	
LGD: Local Government Division	
LoCAL: Local Climate Adaptive Living	
LoGIC: Local Government Initiative on Climate Change	

Project/Programme Background and Context:

Overview of the project country and context: Bangladesh and the Chattogram Hill Tracts

Bangladesh is one of the most vulnerable countries to climate change.¹ Bangladesh ranks the 7th most climate-vulnerable country on the Global Climate Risk Index.² At the same time, the country has experienced rapid socioeconomic development over the last five decades since its independence, and Bangladesh has been a leader in adaptation and disaster risk management. These successes bolster the country against uneven shocks such as climate change and COVID-19 but also reiterate the need for proactive and robust adaptation investments, particularly to safeguard the continued potential of sustainable development. However, this development is not uniform across the country. Chattogram Hill Tracts (CHT), located in Bangladesh's eastern and southern regions, is lagging on several fronts. CHT, bordering India and Myanmar, is Bangladesh's main hilly area, divided into three districts: Bandarban, Khagrachari, and Rangamati (**Figure 1**). The region has a rich history and is home to various Indigenous tribes. The British East India Company annexed and integrated it into the Chattogram District in 1860. After Bangladesh's independence in 1971, tensions arose between the government and the Indigenous population over land rights, cultural autonomy, and self-governance, leading to the Chattogram Hill Tracts insurgency from 1975 to 1997. The conflict concluded with the signing of the Chattogram Hill Tracts Peace Accord in 1997.



Figure 1: Different climate hazards in Bangladesh, with project area outlined in black, showing hazards of Flash Flood-Drought (Source: Asian Development Bank, 2021)

Bangladesh's CHT faces significant challenges due to its hilly terrain, inaccessibility, remoteness, and past conflicts. The population heavily relies on subsistence farming, particularly jhum farming practices, cottage industries, and services. However, environmental degradation and limited capacity to adapt to climate change impact the region's sustainability. Despite this, CHT plays a crucial role in providing essential ecosystem services for economic development, environmental protection, and human well-being, both within the region and downstream. The region remains one of the country's most disadvantaged regions, lagging in various development indicators.³

Due to its rich diversity and unique geography, CHT has vast potential for niche products and services such as agro-eco tourism, sustainable agriculture value chains, non-timber forest-based products, shifting cultivation, and handicrafts. CHT is particularly vulnerable to the impacts of climate change (as described below) and is highlighted in Bangladesh's National Adaptation Plan as one of eleven targeted climate stress areas of the country. CHT will require actions to reduce hazards (e.g., ecosystem-based measures to reduce flooding or droughts), vulnerability (e.g., livelihood diversification or hazard-proof infrastructure), and exposure (e.g., early warning systems and evacuations). The area currently lags in adaptation action compared to the rest of the country. To prepare for a 2-degree-plus world, a shift from incremental to transformational adaptation is necessary.

¹ World Bank. (2022). Key Highlights: Country Climate and Development Report for Bangladesh. <http://cuts2.com/AyuII>

² Global Climate Vulnerability Index (2021), developed by GermanWatch. <http://cuts2.com/rInfD>

³ Tripura and Rasul. (2016). Achieving the Sustainable Development Goals in Chittagong Hill Tracts – Challenges and Opportunities <https://lib.icimod.org/record/32373>

This project addresses adaptation investment deficits in hazards, vulnerability, and exposure in the hilly regions of Bangladesh's CHT through innovative financing that rewards local government authorities for their performance. Applying principles of fiscal decentralization and building on the experience of the LoCAL Facility, it promotes access to climate finance by local government authorities for locally-led climate action. The LoCAL Facility operates in 34 countries, including Bangladesh, with a focus on 27 Least Developed Countries (LDCs).⁴ The project will start by targeting 15 upazilas in the CHT region from the outset of the project (Alikadam, Naikhongchhari, Dighinala, Khagrachhari, Lakshmichhari, Mahalchhari, Manikchhari, Matiranga, Panchhari, Ramgarh, Baghaichhari, Kawkhali, Kaptai, Naniarchar, Rajasthali). Following the first two years of the project, the project will then expand to cover the remaining 10 CHT upazilas that were initially covered by LoGIC (Bandarban Sadar, Lama, Rowangchhari, Ruma, Thanchi, Rangamati Sadar, Juraichhari, Belaichhari, Langadu, Barkal).

Observed climate and environmental resources in Bangladesh and the CHT

Climate baseline:⁵ Historically, Bangladesh's average temperatures ranged between 15°C and 34°C, with an average of around 26°C throughout the year. However, temperatures have risen significantly, especially in the past three decades.⁶ The CHT region also experienced similar trends, with uneven seasonal changes, a shrinking winter season, and rising summer temperatures.

Bangladesh's warm and humid climate is influenced by pre-monsoon, monsoon, and post-monsoon circulations, leading to heavy precipitation and tropical cyclones.⁷ Annually, the country receives about 2,400 mm of rainfall, with 70% occurring during the monsoon from July to September.⁸ In recent decades, winters have become drier while monsoons have become wetter, and extreme rainfall events have increased in frequency. Flash floods and landslides pose significant risks, causing damage to communities and economies. Twelve flash flood events occurred in CHT between 1985 and 2015.⁹ For example, a 24-hour rainfall of 408 mm in Chattogram occurred in 2007,¹⁰ and a flash flood in 2015 affected around 1.8 million people in the CHT region.¹¹ Lightning events have claimed around 368 lives annually over the past six years,¹² with higher occurrences in hilly areas.¹³ Additionally, since 1990, more than 30 landslides have resulted in approximately 200 deaths and extensive economic losses.¹⁴

Environmental resources: The country's warm and wet tropical climate allows for a rich diversity of flora and fauna. CHT has a mountainous, rugged terrain with deep forests and lakes, providing a divergent character compared to the rest of the country. A large part of CHT is a forest with a unique ecosystem.¹⁵ CHT is a biodiversity hotspot: the area possesses over 2000 species of flowering plants and a variety of flora and fauna, although it has experienced denudation and land degradation, which have impacted the provisioning of ecosystem goods and services.¹⁶ Bangladesh has a history of exposure to various climatological (e.g., drought), hydrometeorological (e.g., cyclones, floods, storm surges), and geophysical (e.g., landslides, erosion) hazards. In the CHT, specific hazards include rainfall variability,

⁴ Bangladesh is scheduled to graduate from the LDC list by 2026: <http://cuts2.com/IVJwN>

⁵ World Bank. (2021). Climate Change Risk Profile: Bangladesh. <http://cuts2.com/GHtfc>

⁶ Government of the People's Republic of Bangladesh – Ministry of Environment, Forest, and Climate Change (2022). NAP (2023-2050).

⁷ World Bank. (2021). Climate Change Risk Profile: Bangladesh. <http://cuts2.com/GHtfc>

⁸ Government of Bangladesh – MoEFCC. (2022). NAP of Bangladesh (2023-2050).

⁹ Ibid.

¹⁰ Ibid.

¹¹ Adnan et al. (2019). The use of watershed geomorphic data in flash flood susceptibility zoning: a case study of the Karnaphuli and Sangu River basins of Bangladesh. In: Government of Bangladesh – MoEFCC (2022). NAP of Bangladesh (2023-2050).

¹² Bangladesh Bureau of Statistics. (2022). BBS. Key findings and detailed tables on Bangladesh Disaster-related Statistics 2021: Climate Change and Natural Disaster Perspectives. In: Government of Bangladesh – MoEFCC (2022). NAP of Bangladesh (2023-2050).

¹³ Holle, R. L., Dewan, A., Said, R., Brooks, W. A., Hossain, M. F., & Rafiuddin, M. (2019). Fatalities related to the lightning occurrence and agriculture in Bangladesh. In: Government of Bangladesh – MoEFCC (2022). NAP of Bangladesh (2023-2050).

¹⁴ Government of Bangladesh – MoEFCC. (2022). NAP of Bangladesh (2023-2050).

¹⁵ Ibid.

¹⁶ Khan, M.H. (2001). Biodiversity. In Nishat, A. Ullah, M., Haque, A. K. E (eds.) Bangladesh Environmental Outlook. Centre for Sustainable Development.

flash floods, tropical cyclones, storm surges, and drought. Recent years have seen damages from landslides (2.4%), droughts (3%), and lightning (7.2%).¹⁷ From 2016 to 2021, average losses and damages in CHT reached BDT 11.5 billion, primarily driven by climatic stresses.¹⁸ Climate change is expected to exacerbate climate hazards, necessitating significant adaptation interventions to mitigate increasingly damaging impacts.

Projected climate change and impacts in Bangladesh and the CHT

Global climate changes are impacting temperature, evapotranspiration, and precipitation patterns. Using secondary sources from the World Bank (WB) and the Asian Development Bank (ADB), this section highlights key trends in these aspects. Climate projections are downscaled to around 1-kilometer grid level for representative concentration pathways (RCPs) 4.5 (intermediate scenario) and 8.5 (worst-case scenario) based on regional climate models (RCMs) with a 50-kilometer resolution, which were derived from global climate models (GCMs).

Bangladesh ranks 29th most vulnerable globally according to the Notre Dame Global Adaptation Initiative (ND-GAIN) Country Index.¹⁹ However, it ranks 167th in readiness to adapt to climate change. In such a climate-vulnerable context, understanding the trends and patterns of these changes and their impact on society and the environment is crucial.

Temperature: The downscaled models show a consistent warming trend, varying by the country's emissions scenarios. From 1977 to 2008, average, daily maximum, and daily minimum temperatures rose by 0.16°C, 0.2°C, and 0.12°C per decade.²⁰ The Berkeley Earth dataset indicates a temperature rise of 1.03°C in Dhaka from 1900-1917 to 2000-2017, with the most substantial rise during the monsoon season.

Precipitation: Bangladesh's NAP projects rainfall variations due to future climate change, ranging from 0.1-1.4% in the 2030s and 2.4-3.5% in the 2050s. CHT will experience even higher rainfall and the highest climate-change-induced rainfall variability in the country. Climate change is expected to increase monsoon and post-monsoon rainfall in the hilly region by 5-10%, posing higher landslide risks for vulnerable areas. Based on the Asian Development Bank (ADB), **RCP 4.5** predicts CHT to receive the highest precipitation in the country from 2011 to 2050, affecting flash floods, soil runoff, and vulnerable populations. **RCP 8.5** projects increased rainfall in the northeast districts of Bangladesh and CHT. Projected climate trends and local vulnerabilities will result in uneven impact, risks, and exposure. The IPCC Sixth Assessment Report (AR6)²¹ confirms Bangladesh's high risk of climate-induced extreme events, affecting individuals' food security, livelihoods, health, and overall well-being. CHT is expected to experience changes in precipitation patterns, leading to increased flood risks, crop damage, and soil erosion.

Bangladesh relies heavily on transboundary rivers for freshwater, but recent analysis shows a water deficit with reduced water reaching the groundwater layer. Climate change has increased river flow, leading to frequent flash floods and droughts during the dry season. Community efforts are required to manage waterlogging, drainage issues, water scarcity, poor water quality, and heightened salinity. Agriculture is adversely affected, causing decreased crop outputs, shifting pest risks, and production losses. Coastal flooding poses a significant threat to rice agriculture. Local governments and communities need assistance adapting to changing crop yields, pest infestations, disease outbreaks, and water scarcity affecting irrigation. Extreme weather events impact biodiversity and ecosystems,

¹⁷ Bangladesh Bureau of Statistics. (2022). BBS. Key findings and detailed tables on Bangladesh Disaster-related Statistics 2021: Climate Change and Natural Disaster Perspectives. In: Government of Bangladesh – MoEFCC (2022). NAP of Bangladesh (2023-2050).

¹⁸ Ibid.

¹⁹ The Notre Dame-Global Adaptation Index (ND-GAIN) Country Index is a free open-source index that shows a country's current vulnerability to climate disruptions. ND-GAIN brings together over 74 variables to form 45 core indicators to measure the vulnerability and readiness of 192 UN countries from 1995 to the present.

²⁰ Ibid. Available at: <https://unfccc.int/documents/192278>

²¹ Intergovernmental Panel on Climate Change. (2022). Working Group 11 – Impacts, Adaptation and Vulnerability. <http://cuts2.com/pxpvo>

disrupting interactions between organisms, altering migration patterns, and harming flora and fauna. Adaptation support is crucial to address these challenges. These climate change effects pose significant risks to the CHT region’s health, livelihoods, resources, and cultures.

Demographics and political context of Bangladesh and CHT

Demographics: Bangladesh has a population of 171 million and one of the highest population densities in the world.²² There are about 45 distinct local tribal communities in Bangladesh, accounting for about 1.8% of the population, and the largest concentration is in CHT. *Chakma, Garo, Manipuri, Marma, Munda, Oraon, Santal, Khasi, Kuki, Tripura, Mro, Hajong, and Rakhineare* are some of the well-known *adivasi* ethnic minority communities. **Figures 3 and 4** present the population pyramid and distribution of local tribal peoples in the CHT.

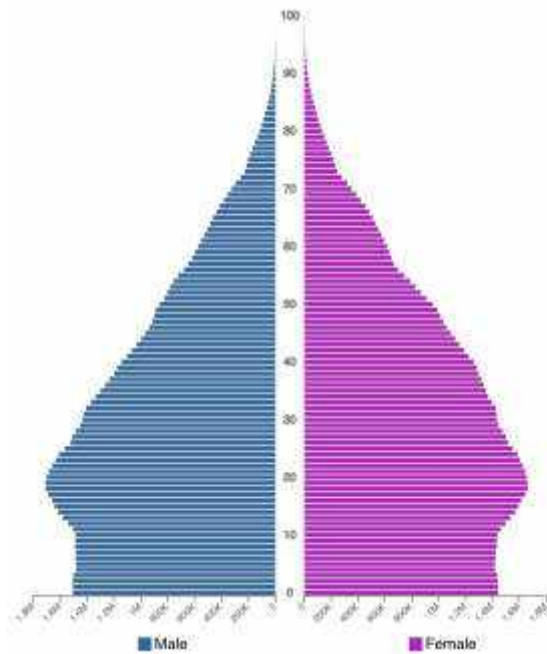


Figure 3: Population pyramid of Bangladesh (Source: World Population Review, 2021)

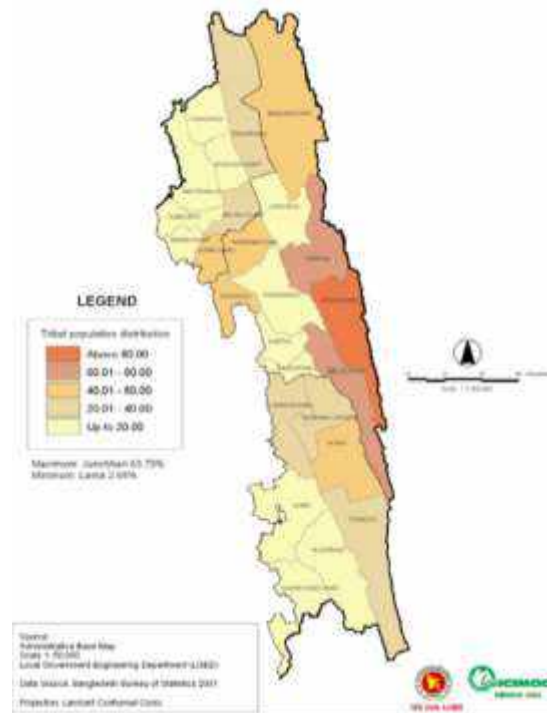


Figure 4: Distribution of the Indigenous population in the CHT (Source: ICIMOD, 2008)

Political context: The project will collaborate closely with local government authorities (LGAs) in Bangladesh, given the recent trend towards decentralization. The country’s parliamentary representative republic has mandated power transfer to various local government bodies, including covering: *zila parishads* (ZPs) or districts (2000); *upazila parishads* (UPs) or sub-districts (1998, amended 2009), union parishads (UnPs) (2009), *pourashavas* or municipalities (2009), and hill district councils or HDCs (1989). The Ministry of Local Government, Rural Development, and Cooperatives oversees local government affairs, except hill district councils, which fall under the Ministry of Chattogram Hill Tract Affairs. The country’s distribution of authority to local governments remains centralized, with limited fiscal independence. Local revenues come from property taxes, user fees, and external funding, particularly for urban infrastructure projects, reducing community and household involvement in setting agendas. LGAs face challenges due to limited functional and planning authority, inadequate technical and human resources, and financial constraints. Decentralization has increased civic participation, resulting in more efficient service delivery in rural areas with active local involvement.

This project will improve the climate change resilience of local communities due to intervening at this identified localized level (in the target UPs of the CHT) and funding adaptation activities through the Performance-Based Climate Resilience Grants (PBCRG) model and capacity development (CD)

²² World Population Review – Bangladesh. (2023). Bangladesh Population. <http://cuts2.com/AvriJ>

support. These grants will provide a financial top-up to cover the additional costs of making investments climate resilient and are channeled through existing government fiscal transfer systems (rather than parallel or ad hoc structures).

The GoB recognizes that climate change severely threatens the country's sustainable development goals, the current performance in development indicators, and the future of Bangladeshis' livelihoods, safety, and security. Its NAP and Third National Communication to the UNFCCC (NC3)²³ identify the impacts of climate change in key sectors, such as agriculture, water resources, and ecosystem, wetlands and biodiversity, as priority concerns.

The MoEFCC coordinates all environmental matters and sets Bangladesh's climate change agenda. The government developed the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) in 2009²⁴ and updated it in 2022 to integrate climate adaptation and mitigation with sustainable development. The National Adaptation Program of Action (NAPA) was identified in 2009 to address climate change-induced development risks. The National Plan for Disaster Management 2021-2025 (NPDM)²⁵ is based on the Sendai Framework for Disaster Risk Reduction (SFDRR) principles. These strategies align with the Second Perspective Plan of Bangladesh 2021-2041,²⁶ the 8th Five-Year Plan (2019), and the Bangladesh Delta Plan 2100 (2018).²⁷

Bangladesh has taken significant steps to address climate change, ratifying the Paris Agreement and updating its Nationally Determined Contribution (NDCs) in 2016, 2020, and 2021. The country's efforts are supported by the Bangladesh Country Investment Plan for Environment, Forestry, and Climate Change (2016-2021).²⁸ Bangladesh also assumed the presidency of the Climate Vulnerable Forum (CVF) and the Vulnerable Twenty (V20) Group of Finance Ministers in 2020. It developed the Mujib Climate Prosperity Plan²⁹ to mobilize financing for renewable energy and climate resilience initiatives. Recently, the government released its 2023-2050 NAP outlining the climate stress areas (of which CHT is one), adaptation priorities, and strategies for implementation, monitoring, and evaluation.

Gender, socioeconomic, and social inclusion in Bangladesh and CHT

Socioeconomic overview: Bangladesh is widely considered a pioneer among developing nations in poverty reduction and shared prosperity. However, CHT remains a disadvantaged region in Bangladesh.³⁰ National studies show that around 52% of the CHT population is below the poverty line, and 21% are multidimensionally poor, compared to 32% and 18% in rural and urban Bangladesh. A socioeconomic survey³¹ in the CHT showed around 62% of households in the region, irrespective of ethnicity, to be below the absolute poverty line in terms of daily calorie intake per capita (below 2,122 kcal) and 36% to be severely poor (below 1,805 kcal). The annual household income in CHT is around BDT 66,000 (approximately USD 850), which is considerably lower than the national average for rural areas of BDT 84,000 (approx. USD 1,080) as reported by the United Nations Development Programme (UNDP) and the Food and Agricultural Organization (FAO).

Non-income poverty is also higher in the CHT than in other parts of Bangladesh: Among the 64 ZPs in Bangladesh, 15 have been identified by the government as the most underdeveloped and deprived in terms of infrastructure, such as roads, electricity, credit, education, health, water supply, and overseas employment. All three districts in the CHT region fall under this category. Bandarban, specifically, has

²³ NC3. (2018). Ibid. Available at: <https://unfccc.int/documents/192278>

²⁴ Bangladesh Climate Change Strategy and Action Plan (BCCSAP): <http://cuts2.com/CtuOc>

²⁵ National Plan for Disaster Management 2021 – 2025: <http://cuts2.com/YgZgR>

²⁶ Second Perspective Plan of Bangladesh 2021–2041: <http://cuts2.com/fqOOt>

²⁷ Bangladesh Delta Plan 2100: <http://cuts2.com/fqOOt>

²⁸ Bangladesh Country Investment Plan for Environment, Forestry and Climate Change 2016 – 2021: <http://cuts2.com/oYSdS>

²⁹ Mujib Climate Prosperity Plan: <http://cuts2.com/qaalkk>

³⁰ International Centre for Integrated Mountain Development – ICIMOD. (2015). A Strategic Framework for Sustainable Development in the CHT of Bangladesh. <https://lib.icimod.org/record/31134>

³¹ Barakat, A; Halim, S; Poddar, A; Badiuzzaman, M; Osman, A; Khan, MS; Rahman, M; Majid, M; Mahiyuddin, G; Chakma, S; Bashir, S (2009) Socioeconomic baseline survey of Chattogram Hill Tracts. Dhaka, Bangladesh: Human Development Research Center.

the highest poverty levels among the CHT ZPs. The UPs of Ali Kadam, Thanchi, Rowangchhari, Ruma, and Naikkongchhari in Bandarban are considered the most deprived areas in the country.

Water, Sanitation, and Hygiene (WASH) in CHT: Performance on human development indices, according to ICIMOD, also remains very disappointing in the CHT region, although Bangladesh overall has made considerable progress. CHT’s access to safe drinking water is limited due to the area’s topography. It is exacerbated by natural and climate-induced flash flooding in the region. Only 65% of people have access to safe drinking water in CHT, compared to 75% of rural people in Bangladesh. Furthermore, open defecation is still standard practice in many parts of CHT, which causes health and nutritional problems. The Bandarban and Khagrachhari ZPs rank near the bottom in almost all health and nutrition indicators. Due to geographical constraints, limited human resources, and medical facilities, many local people need access to essential health services and potable water. The prevalence of stunting, being underweight, and wasting among children under five is 42, 34, and 7%, respectively. The poor water and sanitation conditions compound the vulnerability of children to morbidity and mortality from diarrhea and other preventable water-borne diseases.

Gender and socioeconomic development in Bangladesh: The UN Convention of the Elimination of All Forms of Discrimination against Women (CEDAW) was ratified by the GOB in 1984. Bangladesh’s government has committed to taking the necessary measures to eliminate discrimination against women in all forms. The Constitution of Bangladesh (Articles 27, 28, 29, and 31) guarantees equality and non-discrimination on account of sex, religion, ethnicity, and place of birth to provide scope for affirmative action in favor of the “backward section of citizens”. Article 24 promised to ensure religious freedom within a pluralist, national framework, and Article 28 (sections 1,2, and 3) ensures equality in all spheres of life between women and men. However, the *de jure* legislative frameworks depart significantly from the *de facto* realities of gender and socioeconomic development in Bangladesh, despite recent progresses in specific matrices. In Bangladesh, 20.6% of parliamentary seats are held by women, and 39.8% of adult women have reached at least a secondary level of education compared to 47.5% of their male counterparts. For every 100,000 live births, 173.0 women die from pregnancy-related causes; the adolescent birth rate is 83.0 births per 1,000 women aged 15 – 19. Female participation in the labor market is 36.3% compared to 81.4% for men. **Table 1** provides scores of three different UNDP composite indices: the Human Development Index (HDI), Gender Inequality Index (GII), and Gender Development Index (GDI), as well as the World Economic Forum (WEF)’s Global Gender Gap Index (GGGI) as points of departure.

Table 1: HDI, GII, GDI, and GGGI scores of Bangladesh (Sources: UNDP, 2019 and WEF, 2022)

INDEX (SCALE, ORGANIZATION)	RANK (YEAR)
Human Development Index, out of 189 countries (UNDP)	133 (2019) ³²
Gender Inequality Index, out of 162 countries (UNDP)	133 (2019) ³³
Gender Development Index clustered with group (UNDP)	Group 4 (2019) ³⁴
Global Gender Gap Index out of 153 countries (WEF)	71 (2022) ³⁵

Gender and climate impacts in Bangladesh:

Increasing research shows climate-related impacts affect human populations across various areas, such as agriculture, food security, water management, and public health. People’s coping strategies depend

³² Bangladesh ranks 133rd out of 189 countries and territories in the medium human development category, with an HDI value of 0.632 in 2019. During the period from 1990 to 2019, Bangladesh's HDI value grew by 60.4%, rising from 0.394 to 0.632. <http://cuts2.com/oTxbs>

³³ Bangladesh has a GII value of 0.537, ranking it 133 out of 162 countries in the 2019 index. Ibid.

³⁴ The 2019 female HDI value for Bangladesh is 0.596 in contrast with 0.660 for males, resulting in a GDI value of 0.904, placing it into Group 4. In comparison, GDI values for Nepal and Pakistan are 0.933 and 0.745. Ibid.

³⁵ In the GGGI report by the WEF, South Asia ranks the lowest among the eight regions, despite Bangladesh and Nepal leading in closing their gender gap. WEF (2022), available at: <http://cuts2.com/DhnmV>

on socioeconomic status, sociocultural norms, access to resources, poverty, and gender. According to World Bank, factors contributing to gender differences in vulnerability to climate change include time use, access to assets and credit, treatment by formal institutions, limited participation in policy discussions, and lack of sex-disaggregated data. Overall, gender and social inclusion trends in the country contribute to these disparities, as highlighted in the World Economic Forum’s Global Gender Gap Report.³⁶

Micro-level studies highlight that women are more vulnerable than men to short-term climatic events and climate-induced changes (e.g., sea level rise, salinity intrusion, land erosion, drought) due to existing inequalities. Social norms and family responsibilities reduce women’s survival chances during rapid-onset climate events. In cyclone-prone areas of southern Bangladesh, women expressed reluctance to use shelters without a male relative. Climate variability poses specific challenges for women and adolescent girls, including limited sanitation facilities, increased violence, and additional fuel and water collection burdens.

According to the International Union of Conservation of Nature data, women play a crucial role in food production in Bangladesh. Poverty, women empowerment, and male migration have led to the systematic “feminization” of the agricultural labor force. By 2008, 66% of women participated in agricultural activities, constituting 45.6% of the total farming population. Without male counterparts, women’s roles shifted from unpaid family workers to farm managers. However, climate change has added more responsibilities for women, making their tasks increasingly challenging as they must manage both farming and household subsistence production.

Overlapping vulnerabilities of local tribal peoples and gender in CHT:

Climate change impacts are evident in the least developed and developing nations’ social, economic, and political spheres, resulting from overlapping vulnerabilities, including gender and social inclusion/exclusion factors. In CHT, socioeconomic hardships are concentrated among local tribal communities, making them more vulnerable to extreme weather events due to their reliance on climate-sensitive areas and natural resources for survival. Social exclusion and limited access to fundamental rights further increase their susceptibility to climate-induced disasters, exacerbating socio-economic challenges and threatening their livelihoods, health, and cultural practices.

Relevant policies on gender and climate change: Bangladesh has progressively included these issues in its climate change policies and has recognized the differential impact of climate drivers on social groups, including women and local tribal communities. One of the Transformation Pillars under the BCCSAP (2022) is: Education, Gender, and Inequality. The BCCSAP further recognizes that ecologically critical areas – such as the CHT – often face gendered and local tribal vulnerabilities. With support from the IUCN, the MoEFCC also produced a Climate Change Gender Action Plan that can be updated and used along with Bangladesh’s existing plethora of policies.³⁷ The Department of Environment, housed within the MoEFCC, also has its Gender Policy (2016) to create a gender-sensitive organization. Further, gender has also been included as a cross-cutting factor in national climate vulnerability assessment frameworks, indicating that Bangladesh is poised to expand its current repertoire of adaptation actions towards gender-responsive programs and activities.

This project can facilitate local access to critical adaptation investment in this context, enabling the application of locally appropriate climate-resilient knowledge. It will capitalize on opportunities for gender mainstreaming and socially inclusive practices led by local tribes and implemented by LGAs.

³⁶ World Economic Forum (2022). Global Gender Gap Report 2022. <http://cuts2.com/DhnmV>

³⁷ Government of Bangladesh. (2013). Climate Change and Gender Action Plan. <http://cuts2.com/CudAa>

Project/Programme Objectives

Theory of change:

The overarching objective of the GRACE-LoCALplus project is to strengthen the climate resilience of vulnerable mountain communities (particularly women and local tribal communities), ecosystems, and economies in the CHT.

The proposed project is based on the assumption that **if** communities (particularly women and local tribal groups) and local government systems in the CHT region of Bangladesh have a better capacity to manage climate change adaptation activities and have increased access to financing to implement climate adaptation activities locally, **then** communities, ecosystems and economies in the CHT region will be more resilient to climate change.

By building the capacity of local governments and including communities to build resilience to climate change impacts (outcome 1) and by enhancing country systems to access climate finance and deliver on locally-led adaptation (outcome 2), the project ensures that there will be the institutional capacity to continue climate adaptation work after the funding from the project ends, all while contributing to Bangladesh's climate resilience plans, policies, and strategies.

Building on data and evidence (output 1.1), the project will be working closely with local governments and communities, building capacities through a range of modalities (output 1.2) and supporting adaptation planning and mainstreaming (output 1.3). The project will further accompany local governments and communities to identify and select climate change adaptation activities (output 2.1) while channeling financing to implement climate adaptation at the local level in target districts (output 2.2) through a performance-based climate resilience grant system which further incentivizes improvements across (output 2.3). The project is designed to be locally led so that communities and local governments can develop and implement climate adaptation activities tailored to the local context and to maximize the project's sustainability.

The project's theory of change - representation of causal pathways necessary to bring about the outcomes, co-benefits, and impacts – is in Annex 1. The theory of change includes activities that support outputs and outcomes, as well as the barriers, risks, and underlying assumptions.

GRACE-LoCALplus is based on the understanding that local governments and the communities in CHT are best placed to understand the diversity and complexity of local social, economic, and ecological systems and thus to identify mountain-specific solutions and concrete climate change adaptation actions that best meet local needs and address climate vulnerabilities specific to mountain vulnerable groups. While local governments typically have the mandate to undertake the small- to medium-sized adaptation investments required for building climate resilience, they do not necessarily have the technical and financial resources to do so – particularly in a manner that would achieve lasting changes aligned with established local decision-making processes and planning, budgeting, and budget execution cycles. The project will systemically address this challenge paving the way for lasting changes.

The project will directly contribute to the following Adaptation Fund outcomes and outputs:

- Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses.
- Output 2.2: Increased readiness and capacity of national and sub-national entities to directly access and program adaptation finance.
- Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at the local level.
- Output 3.1: Targeted population groups participating in adaptation and risk reduction awareness activities.

Project/Programme Components and Financing:

Table 2: Project components, expected outputs and outcomes, and financing

Project Components	Expected Concrete Outputs	Expected Outcomes	Amount (USD)
1. Capacity building and mainstreaming Climate Change Adaptation (CCA) into local government system for resilience interventions in line with the Performance-Based Climate Resilience Grant (PBCRG) mechanism	1.1. Data and evidence on local climate risks to inform local decision making 1.2. Capacity building of local governments and communities (e.g., on the-the-job, workshops, knowledge products) 1.3. Updated local government plans and Local Adaptation Plans of Actions for selected upazilas	Enhanced capacity of local governments and vulnerable communities to build resilience to climate change impacts	2,597,225
2. Grant facility and PBCRG mechanism for adaptation intervention	2.1. Annual programmes of adaptation for targeted upazilas 2.2. Locally led climate adaptation interventions and investments 2.3. PBCRG system for local level action, including M&E and reporting	Enhanced country systems to access climate finance and deliver locally led adaptation	5,780,820
3. Project/Programme Execution cost			838,480
4. Total Project/Programme Cost			9,216,525
5. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)			783,404
Amount of Financing Requested			9,999,929

Projected Calendar:

Table 3: Milestones (60 months)

Milestones	Expected Dates
Start of Project/Programme Implementation	June 2024
Mid-term Review (if planned)	June 2026
Project/Programme Closing	Dec 2029
Terminal Evaluation	Feb 2030

PART II: PROJECT / PROGRAMME JUSTIFICATION

A. Describe the project/programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.

The project builds on the global implementation of the Local Climate Adaptive Living (LoCAL) mechanism (also referred to as LoCAL Facility) and the experience from LoCAL I project (piloted the PBCRG mechanism in one district in Bangladesh) and the Local Government Initiative on Climate Change (LoGIC) project in seven districts (Bagerhat, Barguna, Bhola, Khulna, Kurigram, Patuakhali, Sunamgani) of Bangladesh,³⁸ which provided PBCRGs for climate-resilient investments. GRACE-LoCALplus will scale up this mechanism in CHT, covering multiple NAP sectors. It aims to strengthen local economies and enhance climate resilience through additional climate change investments and capacity-building support at various levels. Given that LoGIC is already active in ten upazilas in the CHT region until 2025, GRACE-LoCALplus will roll out activities in the remaining fifteen upazilas

³⁸ Overview of LoGIC can be found here: <http://rb.gy/8ot82>

over the first two years of the project, then expand to build on LoGIC’s work in the ten LoGIC upazilas in the last three years of the project.

The LoCAL Facility, hosted by UN Capital Development Fund (UNCDF), provides a standard and internationally recognized country-based mechanism for channeling climate finance to local authorities in developing countries. It combines PBCRGs, offering financial top-ups for climate change adaptation (which ensures programming and verification of climate change expenditures at the local level), with technical and capacity-building support. The PBCRG acts as an earmarked cross-sectoral grant, incentivizing enhanced resilience by attaching conditions to its funding use for climate change adaptation beyond business as usual. Combined with regular grant allocations, PBCRGs enable 100% of sector investments to become climate resilient. They include minimum conditions, performance measures, and a menu of eligible investments. This LoCAL approach is shown in **Figure 7**. Recognizing that solutions must be tailored to mountain communities, the investment menu will focus on mountain-specific adaptation measures that align with activities proposed in Bangladesh’s NAP, the current Five-Year Plan and other plans and policies outlined in Section D. LoCAL supports the Paris Agreement, promotes NAP implementation, and contributes to climate-related SDGs through concrete action at the subnational level. Currently, LoCAL engages 28 countries (22 LDCs, 6 SIDS, and 17 African nations). Global program results can be accessed in UNCDF’s 2021 Annual Report.³⁹ LoCAL typically operates through three phases based on the country’s context.

- Phase I – Piloting consists of initial scoping and testing in two to four local governments. Phase I countries include Burkina Faso, Tanzania, Lao PDR, Lesotho, Malawi, Nepal and Tuvalu. Mali and Uganda are preparing to enter Phase II.

- Phase II – Learning occurs in a country’s 5–10 local governments. It involves collecting lessons and demonstrating the LoCAL mechanism’s effectiveness at a larger scale. The Gambia, Ghana, Benin, Mozambique, and Niger are in Phase II.

- Phase III – Scaling-up – the national roll-out of LoCAL based on the results of previous phases and lessons learned (Bangladesh, Cambodia, and Bhutan are currently transitioning to the third phase). During this phase, LoCAL is gradually extended to all most at risk local governments and becomes the national system for channeling adaptation finance to the local level. This is the phase Bangladesh is preparing to enter.

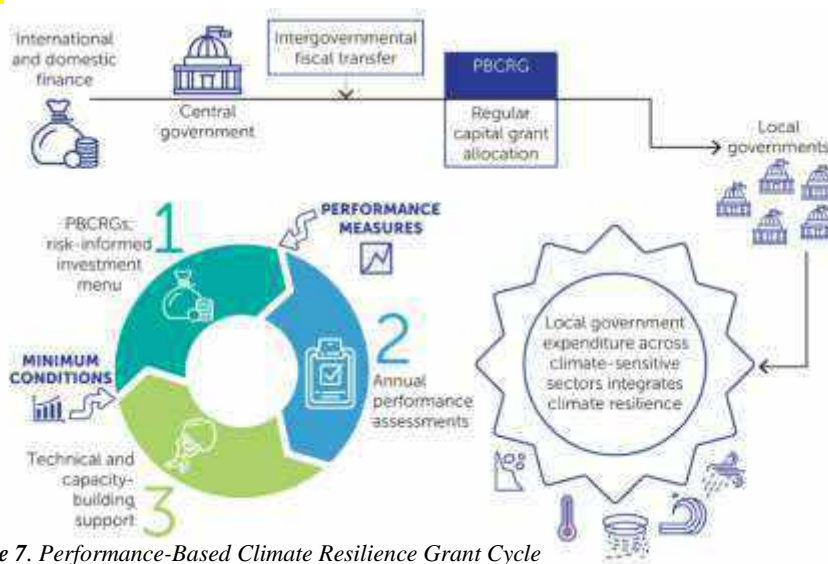


Figure 7. Performance-Based Climate Resilience Grant Cycle

³⁹ UNCDF. (2021). LoCAL Annual Report 2021 accelerating climate change action through locally led adaptation. <https://www.uncdf.org/article/7713/local-annual-report-2021>

The project enables on-granting by the Ministry of Local Government, Rural Development, and Cooperatives of Bangladesh to upazila-level LGAs. The on-granting is based on local climate change needs and performance measures for building resilience. The PBCRGs will be allocated to upazilas in the three target districts of CHT according to their approved annual allocations, determined through the yearly assessment of LGAs. By incorporating performance metrics that involve the active participation of vulnerable groups, including at least 50% women and marginalized ethnic, the decision-making process for sub-projects ensures that financial flows have a significant impact on the most vulnerable communities at the local level.

The project will contribute to Bangladesh's transition to Phase III. GRACE-LoCALplus will benefit from key government documents that have been recently published by the GoB, ensuring alignment with local communities' needs and government priorities. This includes the 2022 NAP for Bangladesh, which includes locally specific proposed adaptation interventions that will form the investment menu for this project, and the Climate Vulnerability Index prepared by MoEFCC that will be used for the PBCRG allocation. It will allocate PBCRG through upazilas, strengthening technical departments at this level. Additionally, CHT District Councils will play a crucial role in planning and monitoring, further empowering local governments in climate change adaptation.

The project's beneficiaries include upazilas in Bandarban, Khagrachhari, and Rangamati districts, along with their communities, especially marginalized ethnic groups. Various stakeholders, such as government leaders, officers, administrators, cooperatives, micro, small, and medium enterprises, civil society organizations, and other community stakeholders, will also benefit. PBCRGs play a vital role in engaging stakeholders for resilience initiatives and financing at sub-national and local levels, aiming to reduce vulnerabilities in finance and capacity for LGAs and communities. Women-led groups are encouraged to participate in funding requests, proposal development, review, and decision-making in collaboration with district LGAs. The project aims for active participation by at least 50% of women at all levels and throughout all phases (See Annex 2 for more details on the gender assessment).

GRACE-LoCALplus will start by targeting the following 15 upazilas from the outset of the project: Alikadam, Naikhongchhari, Dighinala, Khagrachhari, Lakshmichhari, Mahalchhari, Manikchhari, Matiranga, Panchhari, Ramgarh, Baghaichhari, Kawkhali, Kaptai, Naniarchar, Rajasthali. During this time, the LoGIC project will still be covering the remaining ten upazilas in the CHT (from 2023-2025). Following the first two years of the project, the GRACE-LoCALplus project will then expand to cover the additional 10 upazilas that were initially covered by LoGIC (Bandarban Sadar, Lama, Rowangchari, Ruma, Thanchi, Rangamati Sadar, Juraichhari, Belaichhari, Langadu, Barkal). LoGIC is expected to pave the way for GRACE-LoCALplus to offer deeper and more broad support across the CHT region.

Component 1. Capacity building and mainstreaming Climate Change Adaptation (CCA) into local government system for resilience interventions in line with the Performance-Based Climate Resilience Grant (PBCRG) mechanism

Component 1, which is particularly aligned with Outcome 3 of AF's Strategic Results Framework, will be delivered through three different outputs:

- 1.1. Data and evidence on local climate risks to inform local decision making
- 1.2. Capacity building of local governments and communities (e.g., on the-the-job, workshops, knowledge products)
- 1.3. Updated local government plans and Local Adaptation Plans of Actions (LAPAs) for selected upazilas

The following activities are included under Component 1:

1.1.1. Undertaking of one multi-district climate risk and vulnerability assessment (CRVA) to inform the local adaptation and risk-informed planning and mainstreaming.⁴⁰

1.1.2. Establishment of local information systems for adaptation (LISA) to complement the CRVA.

1.2.1: Awareness and sensitization activities at local and national level on climate change and the role of local authorities in addressing climate change, through LoCAL (e.g., communication materials, social media, videos, stories, and workshops).

1.2.2. Assessment of needs and capacity gaps in relation to key elements of the approach (e.g., CRVA; adaptation planning and mainstreaming; multi-criteria analysis for prioritization and selection of adaptation interventions; gender; accountability and transparency; environmental safeguards).

1.2.3: Capacity building activities according to needs and capacity gaps identified (e.g., on-the-job learning; trainings; technical assistance; coaching)

1.3.1. Review of CRVA findings and integration of climate change adaptation in local development planning and budgeting in a participatory and gender-sensitive manner.

The project will enhance the capacity of targeted LGAs and communities on climate change awareness and adaptation opportunities. At the LGA level, representatives from various departments will participate in planning and monitoring, becoming lead trainers responsible for training community mobilizers and overseeing PBCRG mechanisms' implementation (alongside the project team). Training sessions on social audit and fiduciary risk management will enable LGA representatives to report on locally-led adaptation efforts, improving transparency and accountability.

The project will further conduct awareness-raising and capacity-building sessions for communities to impart knowledge on climate change and its impacts, adaptation solutions, and nature-based solutions. It will identify community mobilizers who could support vulnerable households in implementing adaptation actions. The mobilizers will receive special training on community mobilization. In addition to workshops and trainings for communities and governments, component one will also include policy dialogues at local and national government levels for mainstreaming and policy influence. Knowledge generated from the project will be documented, archived and disseminated widely across the HKH.

Building on this improved capacity and with guidance provided through the project, the stakeholders will undertake one multi-district CRVA in CHT, which will, in turn, inform and support the update of LAPAs and the mainstreaming of climate change in LGA planning. Part of the LAPA development process will be identifying need-based community adaptation schemes in consultation with the project, focusing on ecosystem-based adaptation initiatives. These plans will then be mainstreamed into the local development planning process and regularly screened and updated against current and emerging environmental and climate risk priorities to improve climate-inclusive planning on an ongoing basis.

Using the CRVA findings, the project will support the LGAs to organize and analyze findings and ensure integration of LAPA priorities in five-year and annual development plans considering the localized climate vulnerability context. A stakeholder validation process will be organized to ensure broad community consensus, awareness, and ownership over results.

Component 2. Grant facility and PBCRG mechanism for adaptation intervention

Component 2, which is particularly aligned with Outcome 2 of AF's Strategic Results Framework, will be delivered through three different outputs:

- 2.1: Annual programmes of adaptation for targeted upazilas
- 2.2: Locally led climate adaptation interventions and investments
- 2.3: PBCRG system for local-level action, including M&E and reporting

⁴⁰ The CRVA will assess projected hazards, vulnerabilities, and exposure, in line with the IPCC framework, and will use the upazila as a unit of analysis so each upazila will be equipped with its own risk index and related data set. Each upazila will further be accompanied to use the information to inform local planning and decision-making.

The following activities are included under component 2:

2.1.1. Costing, selection, and prioritization of adaptation interventions and investments to be financed through the PBCRGs, in a participatory and gender-sensitive manner, using multiple criteria (i.e., climate risks; LGA capacities; programmatic synergies; geographic diversity; cost-effectiveness of proposed intervention) with upazila Block grants Coordination Committee and endorsement by the Hill Districts Councils.

2.1.2. Implementation of selected adaptation interventions and investments with the involvement of local communities (including scheme design and estimates in collaboration with concerned government departments and private organizations experienced in related matters, procurement of contractors, and supervision of scheme implementation by upazila parishad committees, handover of schemes to operation and maintenance committee).

2.2.1: Disbursement of PBCRGs to support the implementation of adaptation interventions and investments in the context of local authorities' annual planning and budgeting cycles.

2.2.2: Annual performance assessments (APA) of the participating local authorities, including compliance with minimum conditions for the subsequent year, appraisal against the performance measures, and compliance with the menu of eligible investments.

2.2.3: Definition of the PBCRG allocations (formula-based) for the subsequent year and priority capacity-building interventions designed to address weaker performance areas identified under the APA.

2.3.1: Reporting in line with UNCDF's Assessing Climate Change Adaptation Framework (ACCAF)⁴¹ and related learning and sharing of good practices emerging from the experience.

2.3.2: Policy advice and institutional strengthening of central entities in charge of local authorities, finance, and climate change (e.g., manuals, guidelines, regulatory environment)

With the strengthened capacity of crucial stakeholders and developed climate-inclusive LAPA, the project will implement a tested and proven LoCAL PBCRG mechanism. It is, therefore, key that the local population and particularly vulnerable and marginalized groups (women, girls, ethnic minorities, and local tribal groups) be engaged in, and not just informed of, the needs analysis and the planning of the adaptation activities. This grant mechanism will target specific adaptation interventions, provide the resources to climate-proof investments in community-based adaptation and incentivize community-based engagement in adaptation. The PBCRGs will be aligned with the current system of fiscal transfers to LGAs, and finance adaptation schemes identified in the LAPAs will be financed through grants. The size of the grants could amount to between 25% to 40% of inter-governmental fiscal transfers, with an average amount per adaption intervention of USD 50,000 (approximate amount depending on the context and intervention to be finalized during the proposal development phase), which will inform the number of grants to be provided – estimated at 100 grants. The size of the grant will be calculated according to a transparent allocation formula composed of (1) a basic allocation component to ensure predictability and promote equity and (2) performance elements to incentivize continuous performance improvement in enhanced adaptation. Local government will be selected based on a set of criteria, including: administrative and management capacities as evidenced by past performance with the national system;⁴² programmatic synergies with past or planned work; geographic diversity; and accessibility and feasibility.

The project will determine formula-based grant allocation to upazilas, weighted by specific parameters, including climate change vulnerability performance (CVI) and social and environmental

⁴¹ ACCAF is a monitoring and evaluation framework that focuses on the adaptation aspects of the LoCAL mechanism. It helps ensure that the adaptation aims of LoCAL are being achieved. <http://cuts2.com/ySVAh>

⁴² Administrative and management capabilities include (at the start and during implementation of grant): LGA holds regular monthly meetings; adopts comprehensive annual plan and budget; does not hold adverse or disclaimer audit opinions; holds evidence of compliance with Government procurement rules; prepares bi-annual reports on the fiscal and activity progress on the implementation of the annual plan and budget; has spent more than 60% of the previous fiscal year PBCR grant in lined with investment menu and ACCAF

safeguard considerations, in line with the ISO 14093 standard⁴³ and UNCDF operational manual for the PBCRG mechanism. The project will follow an **investment menu** (see **Table 4** below) of climate adaptation and resilience-related interventions, **directly identified from Bangladesh’s NAP and aligned with CHT priorities to address the local adaptation challenges.** As part of the development of the NAP, appraisal, and prioritization of identified interventions involved an in-depth analysis based on the Least Developed Countries Expert Group guidelines under the UNFCCC and these eight criteria: (1) Time of action based on the emergence of adaptation projects by the 2030s, 2041 or beyond following the development vision (2) Climate change risk reduction potential or the effectiveness of adaptation; (3) Costs of adaptation; (4) Benefits of adaptation; (5) Robustness or flexibility of adaptation; (6) Gender and social inclusiveness potential; (7) Environmental friendliness; and (8) Co-benefits socially and environmentally. **Consideration will be given to the interventions highlighted as a priority during the district and upazila level July 2023 Workshop Consultation.** The project will cost, select, and prioritize interventions and investments to be financed in a participatory and gender-sensitive manner, using multiple criteria (see above) and in consultation with ministries involved in the project. The project will facilitate the implementation of selected adaptation interventions with the involvement of local communities (i.e., community contracting). **To ensure that grants are used for climate actions and cost-effective, the following measures will be followed:**

- A separate operation manual (OM) will be used to administer PBCRG by upazilas. The OM will describe how the investment menu will be used for climate-adaptive public goods. It also indicates ineligible expenses for PBCRG funding.⁴⁴
- Multi-layer fiduciary risk management manual will be applied to ensure transparency and accountability in planning, budgeting, monitoring, and reporting.
- Local-level project facilitation will be deployed for monitoring and ensuring that investments are made in climate-adaptive activities.

Table 4: Investment menu: sector-wise proposed interventions in the CHT based on Bangladesh’s NAP (pages 72-79) and predicted environmental benefits (**bolded interventions were noted as a priority during July 2023 Workshop Consultation**)

Sl.	NAP Sector	Interventions	Predicted Environmental Benefits
1	Water resources	Community-based rainwater harvesting through indigenous techniques and conservation of wetlands, reservoirs and natural springs for drinking water supplies in hard-to-reach and water-stressed areas	Wetlands will be conserved, natural springs and reservoirs will be less stressed and more protected.
2		Sustainable shoreline erosion management based on eco- or bioengineering measures	Prevention of shoreline erosion, shorelines are protected
3		Drought management measures for enhanced groundwater recharge and increased soil moisture in water-stressed areas	Groundwater will be allowed to recharge, and soil will become more moist in stressed areas
4		Planned, participatory and coordinated land and water resources management	Protection of valuable land and water resources
5		Development of a basin wide and participatory watershed management framework to restore, harvest and optimize the use of water resources	Water basins are preserved, and less stress is placed on water resources
6	Agriculture	Extension of climate-smart technologies for increasing irrigation water use efficiency	Water resources are conserved and input under less stress
7		Augmentation of surface water for irrigation and multipurpose use	Conservation of water resources
8		Extension of stress-tolerant, pest and disease-resistant rice and non-rice crops	Less stress placed on soil and water resources when crops are more resilient

⁴³ ISO 14093: a global standard for financing local adaptation to climate, developed using the methodology and experience from LoCAL, provides the requirements and guidelines for establishing PBCRGs. <http://cuts2.com/QSawv>

⁴⁴ Ineligible expense for PBCRG funding includes: salary costs; costs of water, electricity or maintenance of administrative facilities; vehicles of any type; procurement of administration equipment for Upazila Parishad, Union Parishads or technical departments; construction of administrative building of any type; religious facilities or activities; security facilities or operations costs of security services.

9		Crop diversification/intensification for natural resources optimization and reduction of climate stress	Stress on land and soil are reduced, promotion of soil health
10		Farm modernization/mechanization to reduce climate vulnerability	Reduced emissions and pollution, promotion of soil health and less stress on land
11		Increased fertilizer use efficiency for enhancing production	Soil health is promoted
12		Extension of good agricultural practices, modern agricultural technology and sloping agricultural land technology (SALT)	Protection of land resources and hills, prevention of landslides
13	Ecosystems , wetlands and biodiversity	Development of multifunctional hill and forest management and conservation system	Hills and forests are protected
14		Adopt other effective area-based conservation measures to fulfil the biodiversity framework target	Promotion of biodiversity
15		Combat desertification through planting regenerative indigenous species	Soil is protected
16		Conservation of agroecosystems through expanded agroforestry, good agricultural practices and regenerative agriculture	Soil and land is protected
17		Development of a participatory wetlands management framework for the sustainable management of wetlands	Wetlands protected
18		Conservation of village common forests (VCFs) through community-based spring, watershed and agricultural landscape management, and soil conservation in the CHT	Soil, water, and land resources are all protected and placed under less stress
19		Halda River ecosystem restoration and conservation	Ecosystem and biodiversity are conserved.
20		Watershed management of Kaptai Lake for ecosystem resilience and water retention	Water resources are conserved and placed under less stress
21		Revitalization of natural springs and sustainable management of waterbodies for reducing water scarcity, and the restoration and conservation of ecosystems and biodiversity	Springs and bodies of water are conserved and protected, as are ecosystems and biodiversity

The specific adaptation activities will be identified during the development of LAPA by participatory planning at the local government and community levels. Depending on the topographical structure, climate vulnerability index parameters, and hazard maps, different locations will need different adaptive/resilient structures. After identifying adaptation intervention requirements, scheme designing and estimation occur, and compliance with the ESP will be ensured. For each scheme, a separate Environmental and Social Safeguard compliance tool is used that can reduce risk and ensure benefit.

The performance of LGAs will be assessed annually for compliance with mandatory requirements and appraisal against performance measures (see Annex 3), including climate change resilience actions and the LAPA priorities. This will include expenditure tracking, transparency and disclosure of plans and budgets, independent expenditure tracking, and post-audit by external auditors. The Upazila Standing Committee on Environment, Forest, and Climate Change will also monitor the mechanism's effectiveness and record community grievances. The Project Implementation Committee will oversee its implementation, conducting regular field-level monitoring. GRACE-LoCALplus will integrate lessons learned into LAPA revisions and share them to inform policies and practices at national, district, and upazila levels. Additionally, it will gather evidence to strengthen the evidence-based business case for local adaptation in Bangladesh, the HKH region, and globally.

B. Describe how the project/programme provides economic, social, and environmental benefits, with particular reference to the most vulnerable communities and vulnerable groups within communities, including gender considerations. Describe how the project/programme will avoid or mitigate adverse impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

Climate change has economic, social, gendered, and environmental impacts associated with irregularities introduced by temperature and precipitation patterns. This leads to flash floods, biodiversity loss, unpredictable microclimates, heat bulb effects, and WASH issues in CHT and its constituent Ups.

Climate change has a severe, multi-fold impact on local tribal communities that rely on natural resources for their livelihoods.⁴⁵ This includes drying up of streams and wells, groundwater depletion, wildlife depletion, crop infertility, seedling mortality, and vulnerability to disasters like irregular and heavy rainfall, storm surge, soil erosion, and landslides. Climate change also leads to diseases like respiratory dysfunction, arsenic poisoning, skin diseases, and social competition for scarce natural resources.

The remote and underserved upazilas where these groups reside are highly vulnerable to climate-related disasters, making humanitarian and recovery efforts challenging and costly. Women and girls are especially at risk due to their domestic roles, which involve climate-sensitive tasks like water and fuel provision, exposing them to location-specific climate dangers. The project aims to support these areas in target sectors prioritized in the NAP for the CHT region, focusing on water management, agriculture, and ecosystems, wetlands, and biodiversity. This will also consider Bangladesh's Eighth Five-Year Plan 2020-2025, and the Strategy for water resources in CHT, to ensure alignment and complementarity with ongoing governmental efforts. It will aim to generate economic, social, and environmental benefits for the target population through PBCRGs. The three districts' population in the CHT, based on the 2022 data, is included in Annex 4. GRACE-LoCALplus is expected to reach 15% of the population, including a proportion of marginalized ethnic and local tribal groups (see additional table in Annex 4 - overview of the population disaggregated by household, gender, and ethnic groups).

Economic benefits

The successful implementation of the two project components will include locally determined activities to contribute to climate-resilient economic growth. Since the most significant sector for the economy and workforce in CHT is agriculture, increasing agricultural productivity is vital for the food security of local tribal communities. And since initial stakeholder consultations and ICIMOD engagement in the region have revealed particular needs in these areas, activities will focus on the proposed CHT-specific interventions from the country's NAP. Increased productivity in agriculture will lead to improved income generation and the upliftment of local economies in CHT, mainly through closing the productivity gap between women and men. Given that local tribal groups experience significant detrimental effects of climate change on their incomes due to their reliance on natural resource-based livelihoods, they also stand to gain significantly from activities that stimulate the economy in the CHT.

Since UNO and LGAs at the UP level are responsible for specific service provisioning, investments in water and other public goods will help improve the region's performance on socioeconomic indicators. Sustained water availability through tailored investments, which has been an issue in CHT due to topographical difficulties, will enhance the health of women and men and overall households of local tribal communities. Incomes will be improved as water is embedded in the livelihoods of these regions. For example, the improved local economy will benefit women and men in target upazilas through increased sales of organic vegetables, food crops, and animal products. Solar-powered water-harvesting and irrigation technologies will enhance agriculture, allowing for diversified and higher-value crop production and making food systems more resilient to climate change. The renewable energy element will play a crucial role in the productive use of agricultural and forest commodities throughout the value chain, contributing to climate change adaptation. This economic improvement will also help meet the community's basic needs like food security, education, and medical care. Improved capacities of LGAs, facilitated by the UNO, will lead to increased local revenue and income from market income tax. This enhanced capacity will enable LGAs to access more financial resources for expanding climate change adaptation programmes. Furthermore, the local economy will be stimulated as LGAs collaborate with local contractors/SMEs to implement adaptation investments, generating local jobs in the green and

⁴⁵ Atlas Institute for International Affairs. (2020). Impact of Climate Change on Indigenous Communities in Bangladesh. <https://www.internationalaffairshouse.org/impact-of-climate-change-on-indigenous-communities-in-bangladesh/>

tourism sectors.⁴⁶ The project's economic benefits will become evident as activities are planned in selected NAP sectors.

Environmental benefits

CHT comprises 10% of the total land area of Bangladesh and falls within the Indo-Burma Biodiversity Hotspot, which undoubtedly renders it the wealthiest biodiversity hotspot in Bangladesh.⁴⁷ However, due to limited governance coverage and the general remoteness of this region, the CHT remains the least explored area in Bangladesh. The CHT possesses unique characteristics and ecology as it is covered by Bangladesh's largest forest (43%). The mountainous, rugged terrain with deep forests and lakes gives it a divergent character compared to the rest of the country (**Figure 8**). Although horticulture is the primary source of livelihood, it has emerged as a threat to forest conservation efforts, creating a hard choice between livelihoods and conserving the natural ecosystem. This offers an opportunity to engage with communities on non-timber forest product cultivation. Especially those that would allow for perishability-reducing value-added processes at the communal level, building on past ICIMOD experience and expertise. Providing adaptation investments to address climate change with improved livelihoods that can prevent harmful deforestation practices, preserve the endemic natural ecosystems of CHT, and increase income.

While the investment menu has been cross-checked for environmental and social screening criteria to meet local, national, and international standards and guidelines, as well as the ESP of the Adaptation Fund, the nature of having more local engagement and input into the decision-making process of project formulation means that there are Unidentified Sub-Projects (USPs). These USPs will be formulated based on the investment menu and, therefore, NAP proposed interventions and applied to strengthen and complement the outcomes of other major project activities, or where there are clear benefits that we cannot anticipate *ex-ante*. More information on the risks of these activities is detailed in Part II Section K. All funded projects will be subject to and will follow Bangladesh's applicable social and environmental regulations. This will also be assessed as part of the annual performance assessments.

Social benefits

The proposed project will have several social and gendered benefits for the CHT. Interventions focused on agriculture, water, and ecosystem, wetlands and biodiversity provisioning will have numerous impacts on local communities in target districts. As discussed previously, CHT local tribal communities live in climate-sensitive areas and greatly depend on natural resources for their survival. Adverse climate change impacts and developmental deficits exacerbate their socio-economic challenges, impacting their

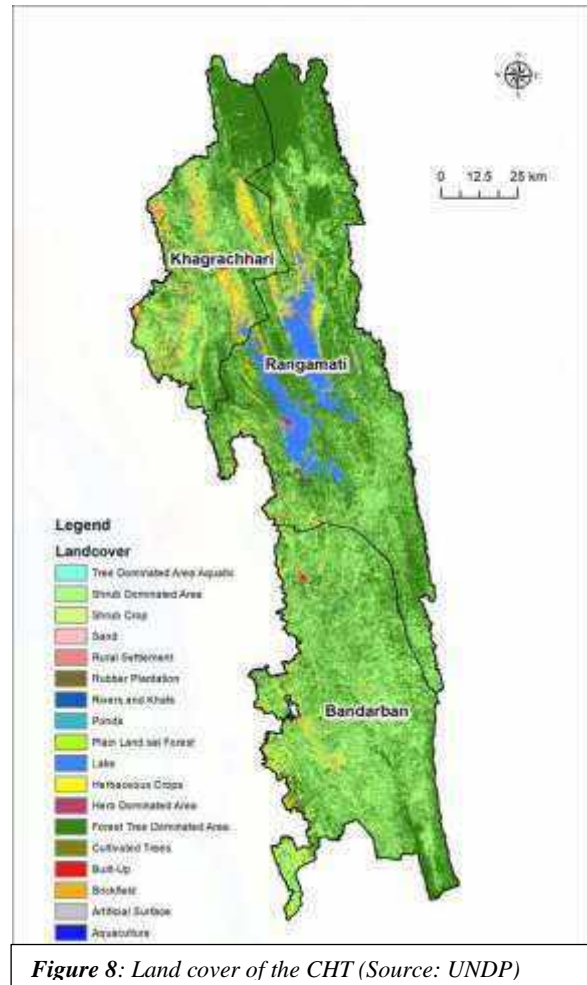


Figure 8: Land cover of the CHT (Source: UNDP)

⁴⁶ ICIMOD. 2017. Tourism Destination Management Plan for the Bandarban Hill District, Bangladesh (2017 – 2027)

<https://lib.icimod.org/record/32764>

⁴⁷ Preliminary Wildlife Survey of Sangu-Matamuhuri Reserve Forest, Chattogram Hill Tracts, Bangladesh – Creative Conservation Alliance

livelihoods and health and, most importantly, threatening their traditional practices and cultural activities.⁴⁸ Because these groups are often socially excluded and especially vulnerable to climate change's effects, they stand to gain the most from an intervention like GRACE-LoCALplus, socially and economically. The PBCRG system enables more active participation of project stakeholders in the project design and decision-making processes, and a key element of the performance requirements of the PBCRG is to include marginalized communities, women, and youth. As a result, marginalized tribal groups will gain new access to decision-making processes and local consultations they may not have been involved in before. The project will consider the unique needs of marginalized and vulnerable tribal communities by involving these groups in consultations, and targets will be set to ensure that they are actively participating in relevant project activities. Tribal groups will benefit from project activities like awareness and sensitization and capacity building activities and participation in the locally-led climate adaptation interventions. Clear and transparent criteria will be implemented, including selecting participants for the trainings and workshops and ensuring equitable participation. Women – in local tribal communities – face double marginalization (i.e., they are subjected to multiple levels of discrimination and abuse, which include issues of gender and minority communities).

Adaptation investments with gender and social inclusion considerations can yield robust results, crucial for sustainable development. For instance, improving water access in the CHT can alleviate gendered time poverty in the region.⁴⁹ Given the lack of water safety (quality) and security (quantity), women often face inequitable gender-based allocation of unpaid domestic and care work, impacting their economic opportunities and health. Addressing these issues through project interventions, training, and adaptation strategies can enhance women's climate resilience and economic opportunities.

The project will make considerable efforts to ensure the inclusion of women, youth, and ethnic/local tribal and marginalized groups, in line with the SDG agenda of leaving no one behind and according to the AF policies. Young people are increasingly aware of the challenges and risks of the climate crisis and the opportunities to shift the trajectory toward sustainable development. They are also valuable contributors to climate action and are change agents, entrepreneurs, and innovators. Through education, science, and technology, youth are increasing their efforts and using their skills to accelerate climate action. The project will engage youth in various ways, including education, awareness, advocacy activities and campaigns, training and capacity building, and directly via adaptation activities focused on livelihood development, diversification, and income generation.

The project will ensure the equitable distribution of benefits to vulnerable communities, households, and individuals in the following ways:

1. Investment schemes are envisaged to be in hard-to-reach areas where vulnerable communities reside.
2. Participation of vulnerable communities will be facilitated in developing a Local Adaptation Plan of Action (LAPA).
3. Interventions will be public goods in nature where all members of a community will have access.

The project will apply gender mainstreaming and social inclusion best practices throughout the project, including developing specific interventions to advance gender equality and the empowerment of women and girls:

- Provisioning gender sensitization workshops for project partners, including community leaders and government officials.
- Promoting youth engagement in climate action at the community level.
- Ensuring at least 50% women's participation in CCA meetings, dialogues, and decision-making.

⁴⁸ UNDRR. (2022). The impacts of human-induced climate change are exacerbating social and economic inequalities of Indigenous Peoples – A case study from Bangladesh. <http://cuts2.com/HZGjS>

⁴⁹ Time poverty can also be as the lack of enough time for rest and leisure after accounting for the time that has to be spent working, whether in the labor market, doing domestic work, or performing other activities such as fetching water and wood. See: Bardasi, E., Wodon, Q. (2010) "Working long hours and having no choice: time poverty in Guinea" in *Feminist Economics*.

- Ensuring participation of local tribal groups in relevant consultations, decision-making, capacity building, and other project activities that may be relevant to them.
- Capacity-building training focused on the specific needs and climate vulnerabilities of women and girls and local tribal groups.
- Promoting partnerships with microfinance and other grassroots CSOs active in the CHT.
- Including gender equality and social inclusion indicators as part of the PBCRG performance assessment system and awarding LGAs accordingly.

One of the benefits of the LoCAL PBCRG system is that it enables more active participation of project stakeholders in the project design and decision-making processes, and this project will include youth, gender, and marginalized local tribal groups in these processes so that the impacts of the projects are socially inclusive and sustainable.

Cost-benefit analysis

A 2022 cost-benefit analysis of the LoGIC investments reveals that for USD 1 invested, the benefit was USD 3.91.⁵⁰ The analysis also concluded that LoGIC uses result-based payments, which is a relevant incentive model to bring about both liquidity for investments and knowledge and capacity derived from the implementation of those measures at the local level. Extensive implementation of the LoCAL model globally and evidenced in monitoring reports for implementation of LoGIC have demonstrated that, if targeted technical assistance is delivered and PBCRGs are put in place, performance improvements in enhanced resilience will be possible, and climate funds will be effectively and efficiently channeled to the local level with ownership of climate responses. Feedback from current initiatives shows that:

- The PBCRG incentive system works and contributes better consideration of climate issues at the local level, the amount of year-to-year grants being impacted by the relative scores of the previous year;
- Integrating the mechanism into government systems avoids the creation of parallel planning and funding management systems;
- Integrating the mechanism into government systems allows efficient scaling (geographic expansion) and facilitates national ownership of the mechanism; and
- Using performance measures ensures a progressive reinforcement of the capacities of the local governments.

c. Describe or provide an analysis of the cost-effectiveness of the proposed project/programme.

GRACE-LoCALplus has been designed based on solid evidence and proof of concept that LoGIC projects have demonstrated over six years in seven districts in Bangladesh. The mid-term evaluation of LoGIC conducted a value-for-money analysis. The average cost of each PBCRG scheme is USD 8,382, considered relatively low and highlighted by national and local stakeholders as needing to be more significant to attract additional private or national government investment. The same evaluation showed LoGIC's total cost-to-transfer ratio to be 1:1.5, comparable to cash transfer programs globally. This ratio is even better because LoGIC does more than just cash transfers (i.e., capacity building and policy support). The mid-term evaluation also found that all 72 targeted UPs could secure PBCRG funding to support adaptation interventions, which met their target, financing 653 infrastructure and other interventions. 74% of beneficiary households reported gaining economic benefits from participating in climate adaptive livelihood options activities.

An evaluation of the global LoCAL Facility revealed that PBCRG investments have successfully reduced the loss and damage of assets and income in communities where interventions have been implemented, strengthening livelihoods in communities, and widening access to essential services. The

⁵⁰ UNCDF LoCAL. 2022. Cost-Benefit Analysis of Climate Adaptive Infrastructures of Local Government Initiative on Climate Change (LoGIC) Project

LoCAL facility has leveraged around 13% of its resources from country governments. The average utilization rate is about 87%, showing that the facility forecasted and budgeted efficiently. Expenditure analysis of outputs shows that the expenses for mainstreaming, i.e., PBCRG investments, have increased more than budgeted. In contrast, other expenses, such as project office, M&E, learning etc, are less than budgeted. An increase in allocation and disbursement on mainstreaming and PBCRG means more money is channeled into investments, which is always desirable.

The added value of the LoCAL Facility compared to other mechanisms directly targeting local governments is the institutionalization of the mechanism, which guarantees its appropriation, sustainability, and effective scaling up. Successful implementation of the Performance-Based Climate Resilience Grant (PBCRG) system means that cost-effectiveness can be built into the dispersal of funds as a Performance Measure (PM), and Local Government Authorities can be rewarded for running the most cost-effective adaptation activities. The PBCRG facility is designed to maximize the impact of funding disbursed to Local Governments while minimizing transaction costs as it is aligned with existing country systems, particularly the established intergovernmental fiscal transfer mechanism. The project will maximize the investment in concrete interventions chosen by local communities. Direct partnering with local communities will also increase their ownership, build their capacity, and reduce the interventions' costs. The anticipated benefits from implementing project components will significantly exceed the costs and prevent climate change-induced losses. The 2022 cost-benefit analysis of the LoGIC investments reveals that for USD 1 invested, the benefit was USD 3.91.

Extensive implementation of the LoCAL model globally has demonstrated that if targeted capacity building, technical assistance for adaptation planning is delivered, and PBCRGs are implemented, performance improvements in enhanced resilience will be possible. Climate funds will be effectively and efficiently channeled locally with ownership of climate responses. Feedback from current initiatives shows that (i) the PBCRG incentive system works and contributes better consideration of climate issues at the local level, the amount of year-to-year grants being impacted by the relative scores of the previous year; (ii) integrating the facility into government systems avoid the creation of parallel planning and funding management systems; (iii) integrating the facility into government systems allows efficient scaling (geographic expansion) and facilitates national ownership of the facility; (iv) using performance measures ensure a progressive reinforcement of the capacities of the local governments. LoCAL is now joined by 28 countries around the globe, consolidating its proven track record with 14 already implemented between Phases 1 to Phase 3. Global programme results can be found in the UNCDF LoCAL 2021 Annual Report.⁵¹

LoCAL top-up grants are disbursed as part of a local government's regular budget envelope. They can thus finance the adaptation element of more significant investments, allowing for holistic responses to climate change. The funds incentivize local governments to integrate adaptation and climate-proof local development and, therefore, a cost-effective approach to adaptation interventions. In addition, by tracking small funds allocated at the local level, LoCAL helps improve transparency and allows for more targeted activities with public input and local co-benefits.

The project will maximize the amount of investment in concrete interventions, where approximately 70% of the project's implementation budget will be directed to interventions under component 2. Approximately 30% of the project's implementation budget will be dedicated to capacity building of LGAs and communities, technical assistance and adaptation planning to directly support the effective implementation of adaptation interventions.

Table 5 provides an alternatives analysis of the proposed components (i.e., alternative interventions and trade-offs), and averted losses.

⁵¹ UNCDF. (2021) LoCAL Annual report 2021 accelerating climate action through locally led adaptation. <https://www.uncdf.org/article/7713/local-annual-report-2021>

Project component	Tangible adaptation benefits	Averted losses	Alternative interventions and trade-offs
Component 1: Capacity building and mainstreaming Climate Change Adaptation (CCA) into local government system for resilience interventions in line with the Performance-Based Climate Resilience Grant (PBCRG) mechanism	<ul style="list-style-type: none"> • Capacity building at local institutional and community levels, with learning components • Strengthened capacity of local governments and their respective communities allow for sustainability of project activities and outcomes after phase-out • Climate change adaptation is mainstreamed into local government plans and budgets • Local community members, and particularly women and other groups most vulnerable to climate change, have more opportunity to participate in the planning and implementation of climate change projects 	<ul style="list-style-type: none"> • Investing in capacity building has high benefit to cost ratios. It also enhances effectiveness and efficiency of other aspects of the project. • Local governments and communities have no voice in the prioritization of adaptation activities • Continued disparities between men and women 	<p><i>Capacity building and the implementation of large-scale interventions at the national level</i></p> <p>Trade-offs</p> <ul style="list-style-type: none"> • Gap in knowledge and understanding between the national level and at the local level where key decisions are made and resources deployed. • Large-scale interventions are expensive and do not necessarily addressing problems that would be prioritised at the local level.
Component 2: Grant facility and PBCRG mechanism for adaptation intervention	<ul style="list-style-type: none"> • Climate change funds are targeted at local levels • Incentives are in place for interventions to be implemented efficiently and effectively • PBCRGs for locally led adaptation are scaled up to other areas of Bangladesh 	<ul style="list-style-type: none"> • Losses due to inefficiencies, ineffectiveness, or corruption 	<p><i>One-off grant without performance measures or minimum conditions</i></p> <p>Trade-offs:</p> <ul style="list-style-type: none"> • More risks of interventions being ineffective in terms of building climate resilience • More difficult to scale up into other areas of Bangladesh • Limited tracking of finance directed to climate change adaptation

Table 5: Proposed project's tangible adaptation benefits, averted losses, and alternative interventions and trade-offs.

Regarding the cost-effectiveness of component 1, LoCAL has been evaluated as an effective program that “contributed to changes in the capacity of national and local governments to plan, budget, and manage climate-adaptive investments across the countries in which it is operating” (Mid Term Review, 2018). Regarding component 2's cost-effectiveness, the global evaluation of LoCAL (2022) suggests “larger climate adaptation investments which would cater to a greater population segment and become more cost-effective concerning economies of scale”. This recommendation has been incorporated into the program's design, influencing the average size of grants.

D. Describe how the project/programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, NAP, national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.⁵²

Over the last three decades, Bangladesh has implemented various initiatives to address climate change impacts, including progressive policies and action plans. In a multi-level governance arrangement, addressing climate change impacts can often be constrained by limited mainstreaming across overlapping mandates, particularly regarding decentralization and public finance management issues. GRACE-LoCALplus has been designed to align with national and sub-national policies, strategies, and plans on development, climate change, and disaster resilience.

National Adaptation Plan (NAP) 2023-2050⁵³

⁵² For additional strategies, please consult: <http://rb.gy/8ot82>

⁵³ <http://rb.gy/o1yoh>

Carefully aligned with Bangladesh's 2023-2050 NAP, the CHT project area is among eleven climate stress zones in the country. While Bangladesh has made progress in adaptation planning, implementing the National Adaptation Plan of Action (NAPA – see the section below), establishing climate change trust funds, and pioneering community-based adaptation, there remains a lack of institutional arrangements and a coordinated strategy for mid- and long-term climate change investment. To address this gap, the Department of Environment executes the NAP Process, financed by the Green Climate Fund (GCF). NAP will enable Bangladesh to identify country-specific adaptation needs, develop and implement strategies, and protect vulnerable communities. The NAP outlines proposed interventions for specific domains and sectors (e.g., water resources, agriculture, ecosystems, wetlands, and biodiversity) as investment options for the project's grant mechanism.

Nationally Determined Contributions (NDCs - Updated) 2021⁵⁴

Bangladesh's updated NDCs, submitted to UNFCCC in March 2021, commit to a 7% reduction in greenhouse gas emissions from its business-as-usual (BAU) scenario by 2030 (unconditional contribution), which could be increased to 15% with international support (conditional contribution). Mitigation measures include promoting renewable energy, energy efficiency, electric vehicles, and reducing transport emissions. Afforestation and reforestation will help reduce emissions from forestry and land-use sectors. Adaptation measures in the NDCs involve enhancing early warning systems, disaster management, water resources management, climate-resilient agriculture, and surface water use. GRACE-LoCALplus will directly address these adaptation measures, focusing on water resources, agriculture, ecosystems, wetlands, and biodiversity.

The Bangladesh Climate Change Strategy and Action Plan⁵⁵

The GoB aims to eradicate poverty and achieve economic and social well-being for all Bangladeshis through a pro-poor Climate Change Strategy. This strategy prioritizes adaptation, disaster risk reduction, low carbon development, mitigation, technology transfer, and adequate finance. The Climate Change Action Plan focuses on six pillars: 1) food security, social protection, and health; 2) comprehensive disaster management; 3) infrastructure; 4) research and knowledge management; 5) mitigation and low carbon development; and 6) capacity building and institutional strengthening. PBCRG model aligns with five of the six pillars and introduces an innovative financing model in the CHT.

The Bangladesh Country Investment Plan for Environment, Forestry and Climate Change (EFCC CIP)⁵⁶

The EFCC CIP is a cross-sectoral and whole-of-government investment framework for mobilizing and delivering effective, coordinated, sustainable and country-driven investment programs in environmental protection; sustainable forest management; climate change adaptation and mitigation; and environmental governance. It is a tool to translate government policies into investment programs and projects. It responds to the urgent need to address environmental degradation in Bangladesh and improve its ability to meet the threats posed by climate change. It lays out priority investment areas organized into four pillars.

Mujib Climate Prosperity Plan (MCP)⁵⁷

Under the MCP, Bangladesh aims to enhance resilience, grow the economy, create jobs, and increase renewable energy to 30% by 2030. CVP countries are reviewing MCP as a blueprint for their CPP. The project aligns with MCP and supports SDGs. It has a strategic investment framework to mobilize renewable energy and climate resilience finance. The proposed project allows LGAs to effectively access and utilize climate finance, building climate-resilient local economies, infrastructure, and communities.

⁵⁴ https://unfccc.int/sites/default/files/NDC/2022-06/NDC_submission_20210826revised.pdf

⁵⁵ <http://nda.erd.gov.bd/en/c/publication/bangladesh-climate-change-strategy-action-plan-bccsap-2009>

⁵⁶ <http://cuts2.com/oYSdS>

⁵⁷ <http://cuts2.com/qalkk>

Capacity-building interventions on climate financing will be designed, aided by UNCDF's zila-level Climate Finance Officers network.

Bangladesh Delta Plan 2100⁵⁸

The Bangladesh Delta Plan (BDP) 2100 is a long-term integrated techno-economic mega plan that incorporates all delta-related sector plans and policies, enveloping a Delta Vision and strategies that make it possible to incorporate sector plans and policies for the long term and to present actionable interventions with a roadmap for realization. The GoB has approved the Delta Plan 2100 on September 4, 2018, to secure the future of water resources and mitigate the likely effects of climate change and natural disasters. The BDP 2100 is a broad-based, long-term vision of the possible changes and necessary interventions to make the Bangladesh Delta safe by the end of the 21st Century.

National Adaptation Program of Action – 2009⁵⁹

MoEFCC prepared the National Adaptation Programme of Action (NAPA) for Bangladesh) as a response to the decision of COP7 of the United Nations Framework Convention on Climate Change (UNFCCC). The basic approach to NAPA preparation was along with the country's sustainable development goals and objectives, where it recognized the necessity of addressing environmental issues and natural resource management with the participation of stakeholders. Government policymakers, local representatives of the government (*Union Parishad* Chairman and Members), scientific community members of the various research institutes, researchers, academicians, teachers (ranging from primary to tertiary levels), lawyers, doctors, ethnic groups, media, NGO and CBO representatives and local tribal women contributed to the development of the NAPA for Bangladesh.

E. Describe how the project/programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

The project will comply with the Environmental and Social Policy of the Adaptation Fund. All activities will adhere to the Environmental and Social Principles of the Fund. It will also adhere to ICIMOD's Environmental and Social Safeguards Policy 2020, which aims to enhance the sustainable benefits of ICIMOD's work and avoid unnecessary harm to the environment and affected communities.⁶⁰

The project will strictly adhere to GoB's regulatory requirements for environmental and social protection during implementation. As the project is in a biodiversity hotspot with local tribal populations, relevant national statutes and laws will ensure robust safeguarding. It will also follow gender-related legislation and policies for a gender-responsive agenda. Additionally, GRACE-LoCALplus will comply with governmental technical rules, guidelines, and orders based on the funded interventions in the investment menu (see Annex 5). Moreover, data collected and managed by the Government of Bangladesh, such as Climate Change Information Knowledge Management (<https://ccikm.gov.bd/home/>), will be utilized.

⁵⁸ <http://cuts2.com/OleVU>

⁵⁹ <https://unfccc.int/resource/docs/napa/ban02.pdf>

⁶⁰ https://www.icimod.org/wp-content/uploads/2020/10/ICIMOD_EnvironmentalAndSocialSafeguardsPolicy2020.pdf

F. Describe if there is duplication of project/programme with other funding sources, if any.

Bangladesh has several climate change and water management-related projects and initiatives; however, only some focus on creating a system of climate resilience investments at the local government level, and we have yet to find any of those that are performance-based. The proposed concept will be able to avoid duplication and maximize results through synergies, leveraging resources and lessons learned with other projects. The proposed project will build on, complement, learn from, and augment the results of other projects listed in the table below. Initial screening for potential overlaps has yet to suggest any issue between existing projects and the proposed pilot in technical, spatial, and/or temporal dimensions. This is particularly the case regarding the PBCRG system, which is unique to this project. At the implementation stage and under the responsibility of the Project Implementation Committee, regular dialogues with all other relevant climate resilience projects in the hill regions of Bangladesh will be further coordinated to ensure best alignment and screen for more parallel initiatives at regional and global levels. The main complementary projects are listed in below **Table 6**.

Table 6: Relevant projects/programmes in the target areas

No	Relevant Project / Programme	Description	Lesson Learned	Complementary potential	Project Timeline
1	Local Government Initiatives on Climate Change (LoGIC)	Focuses on local CCA in 7 climate districts of Bangladesh. LoGIC is designed to enhance capacity LGAs, vulnerable communities, and civil society to engage in effective and inclusive local-level planning and financing. Joint UNCDF/UNDP project with funding from EU and Sweden.	Following an earlier pilot of LoCAL over 2014-2016, LoGIC has been operating over 4 years at UP level The extension of LoGIC (2023-2025) is planned to channel PBCRGs to upazilas. By targeting 10 upazilas of the CHT: Banbarban District: Bandarban Sadar, Lama, Rowangchari, Ruma, Thanchi; Rangamati District: Rangamati Sadar, Juraichhari, Belaichhari, Langadu, Barkal), LoGIC is expected to pave the way for the GRACE-LoCALplus to operate in CHT while deepening the approach (e.g., in regard to CCVA) and expanding to additional upazilas not covered by LoGIC	GRACE-LoCALplus will be a scaling-up phase of LoGIC, while incorporating lessons learned from the first phases of LoGIC.	2018-2025
2	Adaptation Initiative for Climate Vulnerable Offshore Small Islands and Riverine Charland in Bangladesh	AF project implemented by UNDP and executed by the MoEFCC with objective of enhancing the climate resilience of vulnerable communities in coastal islands and riverine chars in Bangladesh.	Geographic focus doesn't overlap with GRACE-LoCALplus focus on CHT. Some interventions are aligned with GRACE-LoCALplus, allowing for opportunity for exchange of best practices and lessons. Initial discussions with UNDP took place and continued engagement will be sought to ensure synergy	The proposed concept can learn from the project about climate-resilient housing, infrastructure, livelihoods, and development, and to incorporate lessons learned into the CHT region, where applicable.	2019-2024
3	Adaptation to Climate Change into the National and Local Development Planning II	Commissioned by BMZ and executed by Bangladesh Planning Commission, Ministry of Planning, Government of Bangladesh to strengthen the climate resilience of public investments	Even though the project seeks to improve the development and investment planning by considering the impact of climate change, the project has limited overlap with GRACE-LoCALplus	Focus on urban areas to ensure that investment projects consider climate risks, whereas the proposed concept will be able to build on this while adding in performance measures and also working in rural areas.	2019-2023
4	GEF Project 8036: Integrating Climate Change Adaptation	UNDP-led project, which seeks to support the National Adaptation Plan process in Bangladesh by strengthening climate and	Even though the project seeks to support the National Adaptation Plan at the country level, the project is working at the agro-ecological zone rather than at the	The proposed concept will be able to build on the coordination mechanisms and knowledge	2021-2025

	into Sustainable Development Pathways of Bangladesh	socio-economic information databases, as well as mainstreaming climate change adaptation across policies, plans, strategies, with a special focus on sensitive agro-ecosystems.	<p>upazila level. There is some limited overlap with GRACE-LoCALplus, particularly in terms of increasing the technical capacity of relevant local government and sectoral line departments to plan and implement adaptation interventions. However, GRACE-LoCALplus will be much focused on building capacity in support of the systems for accessing and deploying climate finance for locally-led adaptation. There are opportunities for sharing lessons learned and best practices.</p> <p>Initial discussions with UNDP have taken place and continued engagement will be sought to ensure synergies are identified during the implementation phase.</p>	<p>management systems and on lessons learned from their work on mainstreaming climate change adaptation across policies, plans and strategies. There will also be opportunities to share lessons learned and best practices related to capacity building activities.</p> <p>UNDP is also an implementing partner for LoGIC, allowing complementarity potential.</p>	
5	GEF Project 10207: Building climate resilient livelihoods in vulnerable landscapes in Bangladesh (BCRL)	GEF project run by FAO along with the Department of Environment (DoE) and the Department of Agricultural Extension (DAE) an objective to improve the resilience of people, communities, and ecosystems to climate change, and improve livelihoods through increased value addition in the agricultural food systems of Bangladesh.	<p>Some overlap in terms of geographic focus – one district – Khagrachhari.</p> <p>The project’s focus is more at the national rather than upazila level with 4 pilots in four climate vulnerable landscapes of Bangladesh. Some proposed interventions to be tested in the pilots are aligned with those of GRACE-LoCALplus under the agriculture sector, allowing for opportunity for exchange of best practices and lessons.</p> <p>Financial instruments considered under the GEF project are more focused on promoting private sector investment and engagement.</p> <p>Engagement with FAO will be sought to ensure synergies are identified during the implementation phase.</p>	<p>The project will work in three upazilas of the Chattogram Hill Tracts: Manikchhari, Khagrachhari Sadar, and Kawkhali upazilas.</p> <p>The proposed concept will be able to incorporate lessons learned agroforestry and to consider its inclusion in GRACE-LoCALplus investment menu.</p> <p>GRACE-LoCALplus can also make use of the knowledge and evidence created under this project, particularly the local gender-differentiated participatory adaptation plans associated with the pilots</p>	2021-2026
6	GCF FP004: Climate Resilient Infrastructure Mainstreaming (CRIM)	This KfW Development Bank-led project and executed by the Local Government Engineering Department (LGED) in Bhola, Barguna, and Satkhira. It integrates climate change adaptation systematically into decision-making for infrastructure planning, supervision and maintenance of the LGED, which is responsible for local infrastructure across Bangladesh	<p>No overlap in terms of geographic focus.</p> <p>Limited overlap with GRACE-LoCALplus given the significant focus on large infrastructure.</p>	While the proposed concept will work in different areas of Bangladesh with communities who will have different infrastructure needs for adaptation. Lessons learned from the project could be useful for GRACE-LoCALplus.	2018-2024
7	GCF FP069: Enhancing adaptive capacities of coastal communities, especially women, to cope with climate change induced salinity	GCF project run through UNDP and executed by the Ministry of Women and Children Affairs (MoWCA) with the objective of strengthening the adaptive capacities of coastal communities, especially women, to cope with impacts of climate change-induced salinity on their livelihoods and water security.	<p>No overlap in terms of geographic focus.</p> <p>Some proposed interventions are aligned with those of GRACE-LoCALplus, allowing for opportunity for exchange of best practices and lessons.</p> <p>Initial discussions with UNDP have taken place and continued engagement will be sought to ensure synergies</p>	<p>GRACE-LoCALplus could benefit from lessons learned about enhancing adaptive capacities at the local level.</p> <p>UNDP is also an implementing partner for LoGIC, allowing for complementarity potential.</p>	2018-2024

			are identified during the implementation phase.		
8	GEF 9913: Implementing Ecosystem-based Management in Ecologically Critical Areas in Bangladesh	UNDP-led project, which seeks to apply an ecosystem-based framework for managing Ecologically Critical Areas (ECAs) in Bangladesh to enhance the conservation of globally significant biodiversity and support local livelihoods. It is aimed at addressing the increased degradation of wetland habitats from unsustainable development and local community practices that is leading to biodiversity loss.	<p>Broad geographic focus with limited specific overlap with GRACE-LoCALplus.</p> <p>Some proposed activities related to the design and application of ecosystem-based frameworks to effectively plan may have some elements of complementarity with those of GRACE-LoCALplus, allowing for opportunity for exchange of best practices and lessons.</p> <p>Initial discussions with UNDP have taken place and continued engagement will be sought to ensure synergies are identified.</p>	<p>Given the project's focus on ecosystem-based frameworks, lessons and best practices may be useful in the implementation of related interventions aligned with the investment menu, particularly under the NAP sector on ecosystems, wetlands and biodiversity.</p> <p>UNDP is also an implementing partner for LoGIC, allowing for complementarity potential.</p>	2020-2024
9	Strengthening inclusive development in Chattogram Hill Tracts (SID-CHT)	Multi-funder, UNDP-led project which seeks to improved positive impact on ecosystems, social development and development of institutions. Includes extreme urban, rural poor and vulnerable groups. Increase access to resilient livelihoods and improved opportunities and access to basic services and savings schemes.	<p>Direct overlap in terms of geographic focus.</p> <p>Some proposed interventions under the NAP ecosystem, wetlands and biodiversity sector (e.g., conservation of village common forests, landscape restoration, nature-based solutions) are aligned with those of GRACE-LoCALplus, allowing for opportunity for exchange of best practices and lessons. However, GRACE-LoCALplus is more focused on building locally-led adaptation.</p> <p>Initial discussions with UNDP have taken place and continued engagement will be sought to ensure synergies are identified during the implementation phase.</p>	<p>Given the project's focus on inclusive development on broad set of areas, lessons and best practices may be useful in the implementation of related interventions aligned with the investment menu, particularly under the NAP sector on ecosystems, wetlands and biodiversity.</p> <p>UNDP is also an implementing partner for LoGIC, allowing for complementarity potential.</p>	2016-2023

G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

Effective knowledge management is woven throughout the project design, leveraging ICIMOD's 40 years of experience as a regional knowledge broker. Lessons learned will be captured and disseminated as part of the project's second component. The LoCAL model's performance measure indicators will ensure efficient knowledge management. During the Annual Performance Assessment, LGAs performing well in knowledge management and other indicators will receive increased PBCRG allocation for the following year. In contrast, underperforming LGAs must implement corrective measures to access a new PBCRG allocation. Regional Secretariats, PO-RALG, the Accountant General, and the Auditor General will be involved in linking LoCAL lessons to ongoing public finance reform efforts, enhancing decentralized management.

Knowledge will be co-created with stakeholders, including the national government, Chattogram Hill Tracts Development Board, LGAs, and target beneficiaries, including women and youth. The proposed project will take advantage of the LoCAL network globally to learn lessons from other projects for the successful implementation of this pilot and in disseminating its lessons to other established LoCAL projects globally, as well as for integrating LoCAL into other country systems.

Demonstrating proven solutions in community knowledge parks would also encourage peer-to-peer learning and increase the potential of adopting and scaling climate-resilient solutions by local communities and governments. ICIMOD's experience in Nepal reiterates the importance of peer-to-peer learning in spawning community-led adaptation interventions. Specifically, ICIMOD's Knowledge Park at Godavari can be seen as an example of the impact generated through this methodology.⁶¹ This park has been serving as a community resource platform since 1993. Some of the methods developed and piloted are of particular relevance: the improved nitrogen-fixing and erosion reduction through hedgerows in sloped agriculture or improved kiwi and avocado cultivation technologies. These are examples of ICIMOD's expertise in identifying context and climate suitability mapping across communities to generate climate-neutral improved livelihoods.

Similar learning and knowledge management will be applied, including developing knowledge products and organizing workshops, training, and policy dialogues at the local and national government levels for mainstreaming and policy influence. From a gender and social inclusion perspective, the project will continue with a gender transformative approach keeping in mind that the impacts of climate change are largely gendered, exacerbating pre-existing inequalities and deeply entrenched regressive gender norms. The project will also continue its implementation in some of the remotest parts of the country, supporting the most climate-vulnerable, marginalized populations in each district and ensuring the capture of learnings from and disseminating knowledge to these populations.

Lessons and best practices from the first phases of LoGIC will also be considered, particularly the widespread communication and visibility efforts. It organized 16 community radio programs across four districts featuring local celebrities, officials, and beneficiaries to raise climate change awareness. These programs shared success stories, adaptive livelihoods, and climate resilience efforts. LoGIC's social media presence also reached a broad audience, with 315,956 Facebook members and active Twitter engagement. The project's website (<https://logicbd.org>) served as a knowledge hub for climate action, regularly updated to provide the latest information. LoGIC's visibility extended through local and national media, including TV news, radio channels, and online platforms. Quarterly newsletters kept stakeholders informed about project highlights, achievements, and media coverage. Blogs and human-interest stories showcased the project's progress and accomplishments.

⁶¹ ICIMOD. (2013). ICIMOD Knowledge Park at Godavari. https://lib.icimod.org/record/31695/files/Godavari_InfoSheetsU.pdf

H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

Since the project will be co-developed with the LGAs and communities and will focus on delivering adaptation solutions geared for increased climate resilience of beneficiaries, stakeholder engagement has been prioritized in the preparation stage. This section captures the stakeholder consultations undertaken by national experts and the engagement process conducted as part of the **project concept note design phase**.

Given GoB's national institutional arrangements through which climate finance can be provided as a top-up to upazilas, stakeholder engagement is crucial, using existing mechanisms at national, sub-national, and community levels to ensure critical players are consulted and committed throughout the life of the project without having to create new and additional mechanisms. **This project's stakeholder engagement processes were designed to be flexible, adapting and responding to the needs and capacities of diverse stakeholders. Table 7 provides details on the consultation process, dates stakeholders reached, consultation objectives, outcomes, and conclusions. Further consultations are planned for the proposal development phase.**

Table 7: Report of consultations with stakeholders

Date	Stakeholder(s)	Consultation objective	Outcome	Conclusion
Aug 2022	MoEFCC representatives	<ul style="list-style-type: none"> - Scoping workshop to introduce the proposed project idea - Advice on adaptation intervention and target areas - Ensure coordination with other ministries and alignment with projects 	<ul style="list-style-type: none"> - MoEFCC agreed to support the project design - CHT was identified as an area requiring increase support, given climate vulnerabilities faced by communities 	<ul style="list-style-type: none"> - MoEFCC will act as designated authority and will be consulted throughout the project design
Aug 2022	<ul style="list-style-type: none"> - Bagerhar Upazila representatives - Baraikhali UnP representatives - Local women's representatives - Bangladesh Climate Change Trust 	<ul style="list-style-type: none"> - Consultation meeting to understand the success and lessons from the application of the UNCDF's PBCRG Facility 	<ul style="list-style-type: none"> - Success: PBCRG Facility noted as a solid model to channel climate funds for public goods at the local level - Benefits were noted in terms of improved water access - Lesson: crucial to have key representatives from Upazilas involved, particularly in decisions to ensure financial accountability of the funds 	<ul style="list-style-type: none"> - Lessons included in project design
Aug 2022	UNDP	<ul style="list-style-type: none"> - Discussions on relevant ongoing and planned projects taking place in CHT to ensure synergies, minimize duplication and plan for ongoing engagement 	<ul style="list-style-type: none"> - Agreement on the importance of ensuring minimal duplication and sharing lessons learned and best practices to ensure effective project implementation for all parties - Lessons shared on implementation in CHT, including the importance of on-the-ground partners and solid engagement with government representatives at all levels 	<ul style="list-style-type: none"> - Lessons included in project design - Ongoing dialogue to continue during proposal design and implementation phases

Date	Stakeholder(s)	Consultation objective	Outcome	Conclusion
Aug 2022	FAO	- Discussions on relevant ongoing and planned projects taking place in CHT to ensure synergies, minimize duplication and plan for ongoing engagement	- Agreement on the importance of ensuring minimal duplication and sharing lessons learned and best practices to ensure effective project implementation for all parties - Lessons shared on implementation in Bangladesh, with a particular focus on financial instruments, including the importance of having solid relationships with government representations, including at the department level (e.g., Agriculture Department)	- Lessons included in project design - Ongoing dialogue to continue during proposal design and implementation phases
Aug 2022	UNCDF LoGIC team	- Discussions on relevant ongoing and planned projects taking place in CHT to ensure synergies, minimize duplication and plan for ongoing engagement	- Agreement on the importance of ensuring minimal duplication and sharing lessons learned and best practices to ensure effective project implementation for all parties - Lessons shared on implementation of the Facility, including the importance of having criteria for selecting upazilas, using the NAP and other governmental documents as foundational sources of information for the design of the project	- Lessons included in project design - Ongoing dialogue to continue during proposal design and implementation phases, especially considering that the 10 upazilas under LoGIC will be phased-in to GRACE-LoGIC-plus
Feb, March, May, July 2023	MoEFCC representatives MoCHTA representatives Ministry of Local Government, Rural Development and Cooperatives	- Several inter-ministerial consultations with the main three Government of Bangladesh ministries	- MoEFCC agreed to endorse the concept note and to prepare the official endorsement letter to the Adaptation Fund - MoTCHA and the Ministry of Local Government, Rural Development and Cooperatives agreed to the design and submission of the project to Adaptation Fund - Advice was received during these consultations, including: importance to building awareness against environmental pollution and degradation in addition to climate change; ecosystem and natural resource management must be included in terms of potential interventions; recommendation to consult with Environment, Forest and Agriculture departments; project must ensure complementarity with other projects taking place in CHT	- Endorsement by MoEFCC received as designated authority, including official endorsement letter - Endorsement by MoCHTA for the design of the project - Endorsement by the Ministry of Local Government, Rural Development and Cooperatives for the design of the project - Advice received and taken into consideration in the project design
May 2023	Bangladesh Forest Department	- Discussions to receive their advice and recommendations in terms of the NAP sectors, and proposed intervention menu	- Advice was received during these discussions, including: water access and water quality is of high importance for CHT - strong focus should be made to water management interventions; agriculture interventions should be minimized as these contribute to the water issues; forest management interventions should be a large focus	- Advice received and taken into consideration in the project design

Date	Stakeholder(s)	Consultation objective	Outcome	Conclusion
July 2023	Department of Environment	- Discussions to receive their advice and recommendations in terms of the NAP sectors, and proposed intervention menu	- Advice was received during these discussions, including: all three NAP sectors are of importance for CHT and should be included in the investment menu; water access and water quality is of high importance and should be prioritized	- Advice received and taken into consideration in the project design
July 2023	Department of Agriculture Extension	- Discussions to receive their advice and recommendations in terms of the NAP sectors, and proposed intervention menu	- Advice was received during these discussions, including: all three NAP sectors are of importance for CHT and should be included in the investment menu; water access and water quality is of high importance and should be prioritized	- Advice received and taken into consideration in the project design
July 2023	Representatives (41 total participants - 5 females and 36 males, including representation from tribal groups) from: (A) Chittagong Hill Tracts Development Board; Bandarban Hill District Council Office; Khagrachari Hill District Council Office; Rangamati Hill District Council Office; District Council Office, Bandarban; District Council Office, Khagrachari; Forest Division, Khagrachari - (B) Department of Environment, Bandarban; Department of Agriculture and Extension, Bandarban; Department of Agriculture Extension, Khagrachari; Department of Agriculture and Extension, Rangamati; Department of Forest, Rangamati; District Education Office, Bandarban; Local Government Engineering Department, Khagrachari - (C) Upazila Parishad; Upazila Laxmichair; Upazila Mamikchair; Upazila Guimara; Upazila Matoranga; Upazila Naniarchar; Upazila Ruma - (D) Rangamati Women Chamber; University of Chittagong; Bandarban Association; Bangladesh Parjatan Corporation, Khagrachari; Xen Office, Rangamati; Parjatan Motel, Bandarban; ASHIKA Development Associates, Rangamati; Progressive - (E) MoEFCC; MoCHTA; LGD; UNCDF; ICIMOD	- Comprehensive district and upazila levels consultation workshop jointly organized by MoEFCC, MoCHTA, UNCDF and ICIMOD to consult with CHT district and upazila level representatives, bringing together government officials, non-state institutions and experts with interests in the CHT region and build a common understanding of the unique vulnerabilities and opportunities there with respect to climate change.	- The session was an opportunity to facilitate discussions on adaptation actions that would be most effective in the CHT region, co-explore potential sectorial interventions, and better understand the adaptation needs of upazilas in the three target districts in the CHT. - Together, participants ranked vulnerabilities; target upazilas by vulnerability, and discussed their preferences for the adaptation actions that they would find most needed. - Top climate challenges for upazilas (from more significant to least): landslides, rainfall variability, extreme heat waves, drought, extreme cold, lightning, tropical cyclone, flashfloods, storm surges) - 12 interventions from the investment menu were recommended by participants to be prioritized. - Participants also prioritized the upazilas where adaptation actions could make a significant contribution to building a green, resilient, and adaptive economy in CHT.	- Feedback received and taken into consideration in the project design

I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

Bangladesh is one of the countries most vulnerable to climate change. It is also the 8th most populous country in the world, and yet requesting funding with the same limits per country as others that may be a fraction as populous and a fraction as vulnerable (i.e., it has the same country cap for funding from the AF as less vulnerable countries with smaller populations). Bangladesh is in the process of changing from a Least Developed Country (LDC) to a lower-middle income country by 2025, which demands enormous investments focused on development goals such as income and employment. Bangladesh needs more resources to invest in other areas, such as climate change, and in a perfect world, it would not have to since it is one of the countries least responsible for the effects of climate change. The CHT is also vulnerable to erosion, landslides, and floods. Heavy seasonal rainfall and steep topography mean that only 5-6% area of the region is suitable for intensive agricultural cultivation. Climate-exacerbated topsoil erosion and escalating rainfall periods are increasing food insecurity. The population in the area already has higher poverty levels than the national average. Local people are also economically vulnerable to climate change.

Despite their mandates, convening power, and being on the frontline of climate change, close to communities, local governments are unable to contribute effectively to climate change adaptation and resilience building due to: a lack of awareness and incentives to focus on the issue of climate change adaptation; an inability to finance the incremental costs of climate change adaptation and a lack of appropriate budgetary allocations from the national level. LGAs in these districts need more capacity and access to finance to lead adaptation interventions. And since LoCAL interventions and benefits are local, inclusive, and for the public good, non-refundable subsidies to local governments are the most suitable mechanism to fund adaptation investments to cover the costs and risks of the proposed outputs.

AF support is necessary for the project's proposed interventions to be identified, designed, and financed. This situation justifies using non-repayable grants deployed as technical assistance, capacity-building grants, and result-based payments in PBCRGs. PBCRGs cover the additional costs of making investments climate resilient or the full costs of climate investments justified by climate risks. PBCRGs are large enough to lead to impactful investments; but are small enough so they do not substitute for development grants. Ultimately, the project embeds technical, institutional, and operational sustainability at local levels, while performance-based finance incentivizes improvements in efficiency and effectiveness. The approach outlined ultimately reduces incremental cost or risk premiums and the dependence on grant finance for adaptation.

No co-financing is being sought at this stage of the project. Implementing the LoCAL PBCRG system allows for delivering this project's outcomes and outputs regardless of co-financing from other sources. Once the system is in place, the greater the amount of funding, the greater the number of climate-resilient subprojects that can be done, and the wider their impact can be. The proposed project is well-aligned with the AF's investment priorities, and successful implementation should contribute to the achievement of improved climate resilience:

Component 1: Capacity building and mainstreaming Climate Change Adaptation (CCA) into the local government system for resilience interventions aligned with the Performance-Based Climate Resilience Grant (PBCRG) mechanism.

Baseline: Upazila/sub-district-level climate change adaptation planning and coordination needs to be consistent across Bangladesh and requires additional awareness, institutional structures, capacity-building, and procedures. Local governments need more financial resources and capacity to initiate adaptation projects themselves, so CCA needs to be better integrated into the plans and budgets of LGAs.

Adaptation alternative: All upazilas in the Chattogram Hill Tracts have established a formalized structure for coordinated and vertically integrated CCA planning, increased their understanding of local climate change adaptation, and established new procedures. Climate change adaptation is mainstreamed into the planning and budgeting processes, and the voices of the communities and the most vulnerable inform LGA plans and investments.

Component 2: Grant facility and PBCRG mechanism for adaptation intervention.

Baseline: Financial resources for climate investments at the local level are extremely limited to non-existent, requests for such resources are backlogged, and if it takes place, distribution of such resources is most often done through project approaches or parallel systems. LGAs cannot use their systems for planning, budgeting, and execution of climate investments. There are no systematic processes and procedures to enable local climate-resilient financing through a dedicated facility.

Adaptation alternative: LGAs of CHT have increased access to climate finance for locally-led adaptation in a predictable, transparent, and accountable manner. As they work through the PBCRGs, they have improved their operational preparedness to integrate the PBCRG into local planning and budgeting processes to enable climate-resilient financing and deliver and report on climate investments.

J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project/programme.

Focusing on performance-based and bottom-up approaches, the project aims to build legitimacy, opportunities, and technical, institutional, and operational sustainability locally. This will encourage continuous improvements over time and attract private-sector co-finance for enhanced resilience. Sustainability will be ensured through establishing institutional processes for climate change adaptation at the upazila/sub-national level, strengthening local governments' capacities, better managing climate risks to make local investments more attractive to financial institutions, and leveraging lessons learned for further methodology improvement.

The success of this approach from a sustainability point of view can be further illustrated with the examples from the Global LoCAL program. LoCAL has provided a framework to pursue access to international climate finance through a country-owned facility to localize climate action and introduce a learning approach through PBCRGs accompanied by annual performance assessments. The facility has incentivized local governments to pursue higher standards in climate resilience planning, budgeting and management, governance, and public financial management in general. Learning increases as LoCAL is deployed, as follows: Phase I: Test. The aim is to test the mechanism in several local governments (between two and four) for 1-2 investment cycles; Phase II: Consolidate. This phase integrates the lessons of the first phase. It is deployed to at least 5-10 local governments in different regions and/or ecosystems; and, Phase III: Systematise. This phase progressively covers all vulnerable local governments of a national territory. The success of this approach from a sustainability point of view can be illustrated with the example of Bhutan, one of the first countries to benefit from LoCAL and is also in the process of deploying phase III. The mechanism initially covered two gewogs (LGAs), then gradually fourteen. It has been expanded to 100 out of 105 gewogs as part of the national roll-out, with support from the European Union. **Building on the upazilas covered by LoGIC, this project will scale up to 25 X upazilas within the three districts of the CHT.**

As the LoCAL program continues to scale up in Bangladesh, emphasis will be placed on mobilizing additional domestic and external resources and the ownership of processes – particularly the PBCRG system – by national and local governments, communities, and the private sector to secure sustainability. The actors' capacities will be strengthened for climate-informed planning, implementation of the PBCRGs, and management of investments.

Sustainability will again be ensured using the PBCRG system. One of the Performance Measure indicators is the “extent to which project investments incorporate sustainability concerns.” LGAs will be rewarded for their performance on environmental screening, assessments, and whether investments have integrated sustainability and management plans. The better an upazila performs in sustainability performance measures in its Annual Performance Assessment (APA), the more PBCRG it will be allocated in the subsequent year. Upazilas that fail to meet sustainability standards can only receive a new grant allocation if they take appropriate corrective actions. So, not only will there be assurances that minimum conditions are met to include sustainability in local plans, but there will also be incentives for upazilas to perform as high a standard as sustainability measures.

Technical sustainability: During the project, sub-district technical staff will be engaged and their capacity will be strengthened, particularly in climate change adaptation. These empowered experts will continue providing technical support to communities beyond the project's duration. The project will also disseminate lessons learned to other upazilas and districts in Bangladesh, promoting successful interventions elsewhere. Through participatory

approaches, local community members will gain technical knowledge and skills, fostering ownership and sustained engagement in climate change adaptation beyond the project's lifespan.

Financial sustainability: Financial sustainability will be enhanced by concentrating AF funding on the higher-cost initial capital expenditures required to set up the LoCAL mechanism in the upazilas of the project area's three districts. Subsequently, annual operating costs reduce substantially as they become part of ongoing local budgetary commitments. Once the system for intergovernmental fiscal transfers is established and LGAs perform credibly, any donor or the government can channel additional resources for climate resilience enhancement through the system with no additional overhead cost. Financial sustainability will be ensured for each intervention at the local level with user fees, as done in the previous two phases of LoCAL in Bangladesh.

Environmental sustainability: Environmental sustainability will be ensured through locally-determined project activities chosen from the investment menu for LoCAL Bangladesh, which has already been cross-checked for environmental screening criteria (see section A for details on the criteria). Upazila LGAs will be rewarded for their performance on environmental screening and assessments and whether investments have integrated sustainability and management plans.

Institutional sustainability: The project interventions will be based on a deep understanding of local realities in Bandarban, Khagrachhari, and Rangamati districts. Collaborative interventions and local participation will be facilitated through thorough knowledge of the areas and local people. Marginalized groups, local government officials, and other development actors will actively participate. The project will leverage local tribal knowledge, successful experiences, and lessons from other projects to enhance climate resilience and adaptive capacities of communities and ecosystems. Critical stakeholders, including villagers, will identify, plan, implement, monitor, and evaluate community-based initiatives. Existing government and community infrastructures will be used, with the government providing technical support. Each upazila's community members and local government officials will take ownership of the interventions, and project assets will be handed over to local institutions for ongoing management and operations.

Economic sustainability: This project will provide capacity support for LGAs to plan and mainstream adaptation. Implementing the PBCRG system also improves the financing of each upazila's needs for adaptation. The project also demonstrates an alternative path for donor funding to address development challenges through adaptation and capacity development at the local level, close to the needs of the communities. Once the PBCRG system has been operationalized, LGAs can continue to use it to fund adaptation activities using other funding sources beyond the project's lifetime.

Social sustainability: The project will include a participatory process of development and decision-making in the design of local interventions. This will include LGAs, local stakeholders, and project beneficiaries, particularly women and local tribal groups. This will lead to attitudinal support from the people and enhance a sense of ownership of the project's interventions amongst the stakeholders and sustainability beyond the project's lifetime.

K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project/programme.

The project is designed to have a positive environmental and social impact based on lessons learned and synergies with other projects and through consultations with stakeholders and target communities. Communities will select the locally appropriate activities supporting adaptation in their contexts. Activities will be designed to create a positive environmental impact with attention to minimizing any collateral environmental effects. Based on the initial risk screening, some inherent risks may come into play throughout the project's life, especially because the project targets vulnerable and marginalized groups, including tribal groups, women, and remote communities of people living in poverty. While the investment menu items for the top-up grant for project activities have been cross-checked for environmental and social screening criteria as part of the NAP development process to meet local and national standards. The project is classified as category B due to the inclusion of Unidentified Sub-Projects (USPs). Because this project includes USPs that cannot be screened or assessed at this time, a review process and risk assessment will be conducted for each USP to screen for environmental and social risks, plan mitigation measures, and identify any required safeguards and monitoring processes. This will ensure that risks inherent to

each USP's unique environment and social setting are considered, and the USP will not go ahead if the risks are deemed unacceptable. Social and environmental risk screening is built into LoCAL's PBCRG. The project will fully align with the Adaptation Fund's Environmental and Social Policy and national and international standards and guidelines for safeguarding the environment and social settings. Please see Annex 6 for the environmental and social risks list and associated measures. The project will uphold the ESP by ensuring that: (1) All MoUs and agreements of cooperation under the project will include detailed reference to the ESMP, including the 15 ESP Principles; (2) The terms of reference of project committees and project team members will include detailed reference to the ESMP, including the 15 ESP Principles; (3) the project's monitoring and evaluation framework will integrate the ESMP and be aligned with the ACCAF and approved by the project's governing committees; and (4) a grievance mechanism will be adopted to ensure that affected stakeholders can raise concerns, anonymously and transparently.

PART III: IMPLEMENTATION ARRANGEMENTS

A. Demonstrate how the project/programme aligns with the Results Framework of the Adaptation Fund

Table 8. GRACE-LoCALplus alignment with Adaptation Fund Results Framework

Project Objective(s) ⁶²	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount (USD)
To strengthen the climate resilience of vulnerable mountain communities (particularly women and local tribal communities), ecosystems, and economies in the Chattogram Hill Tracts (CHT) region of Bangladesh by establishing a performance based climate resilience top-up financing mechanism targeting concrete climate change adaptation interventions	Number of policy, institutional or regulatory reforms which benefit climate-resilience in CHT. Number of people holding greater awareness and ownership of adaptation and climate risk reduction processes at the local level	Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses	2.1. No. and type of targeted institutions with increased capacity to minimize exposure to climate variability risks	8,378,045
			2.2. Number of people with reduced risk to extreme weather events	9,216,525 (with project execution cost)
		Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at the local level	3.1. Percentage of targeted population aware of predicted adverse impacts of climate change, and of appropriate responses	
			3.2. Percentage of targeted population applying appropriate adaptation responses	

⁶² The AF utilized OECD/DAC terminology for its results framework. Project proponents may use different terminology, but the overall principle should still apply

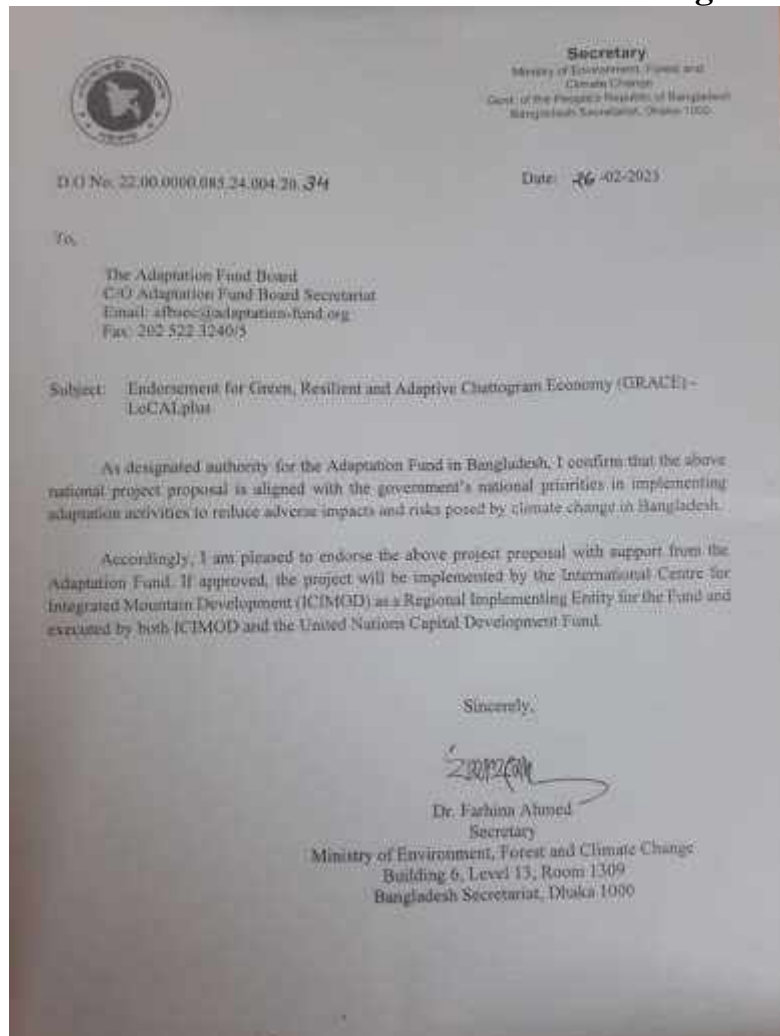
Component 1: Capacity building and mainstreaming Climate Change Adaptation (CCA) into local government system for resilience interventions in line with the Performance-Based Climate Resilience Grant (PBCRG) mechanism				
Enhanced capacity of local governments and vulnerable communities to build resilience to climate change impacts	1.2 Number of targeted local governments officials that participated in awareness and capacity-building activities (disaggregated by sex and subject area)	Output 2.2: Increased readiness and capacity of national and sub-national entities to directly access and program adaptation finance	2.2.1 No. of targeted institutions benefiting from the direct access and enhanced direct access modality	2,597,225
	1.3. Number of local communities involved in awareness and capacity-building activities (disaggregated by sex and subject area).			
	1.4 Number of local governments that are promoting community-based governance in one or more domains of planning, contracting, monitoring and management for PBCRG investments			
	1.1. Number of local governments benefitting from the new multi-district climate risk and vulnerability assessment aligned with IPCC framework			
Component 2: Grant facility and PBCRG mechanism for adaptation intervention.				
Enhanced country systems to access climate finance and deliver locally led adaptation	2.1. Number of local government authorities that have integrated climate change adaptation into their local planning & budgeting processes	Output 3.1: Targeted population groups participating in adaptation and risk reduction awareness activities	3.1.1 No. of news outlets in the local press and media that have covered the topic	5,780,820
	2.2.. Number and percentage of participating local authorities meeting the minimum conditions of grants without need for corrective action			
	2.3. Number and value of climate-interventions and investments implemented under the PBCRG system (disaggregated by type – capacity building / equipment / infrastructure and ecosystem-based, sector and ecosystem)			
	2.4. No. of learning and sharing initiatives undertaken.			

Table 9: Alignment with the Adaptation Fund's Core Impact Indicators


Adaptation Fund Core Indicators	Alignment with GRACE-LoCALplus	Indicative Target
Number of beneficiaries	Yes	15% of the population of the targeted upazilas with 50% women
Early warning systems	Yes, but dependent on the adaptation interventions selected under the PBCRGs	Dependent on the adaptation interventions selected under the PBCRGs
Assets produced, developed, improved or strengthened	Yes, the project will produce and strengthen knowledge assets, like strengthened climate adaptation frameworks, and vulnerability assessments	One (1) Climate Risk and Vulnerability Assessment report for subnational adaptation 20 participating upazilas have a LAPA in place.
Increased income or avoided decrease in income	Yes (avoid decrease in income, the project is aiming to provide financing to improve the economic resilience of communities in the CHT region	Dependent on the adaptation interventions selected under the PBCRGs

PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

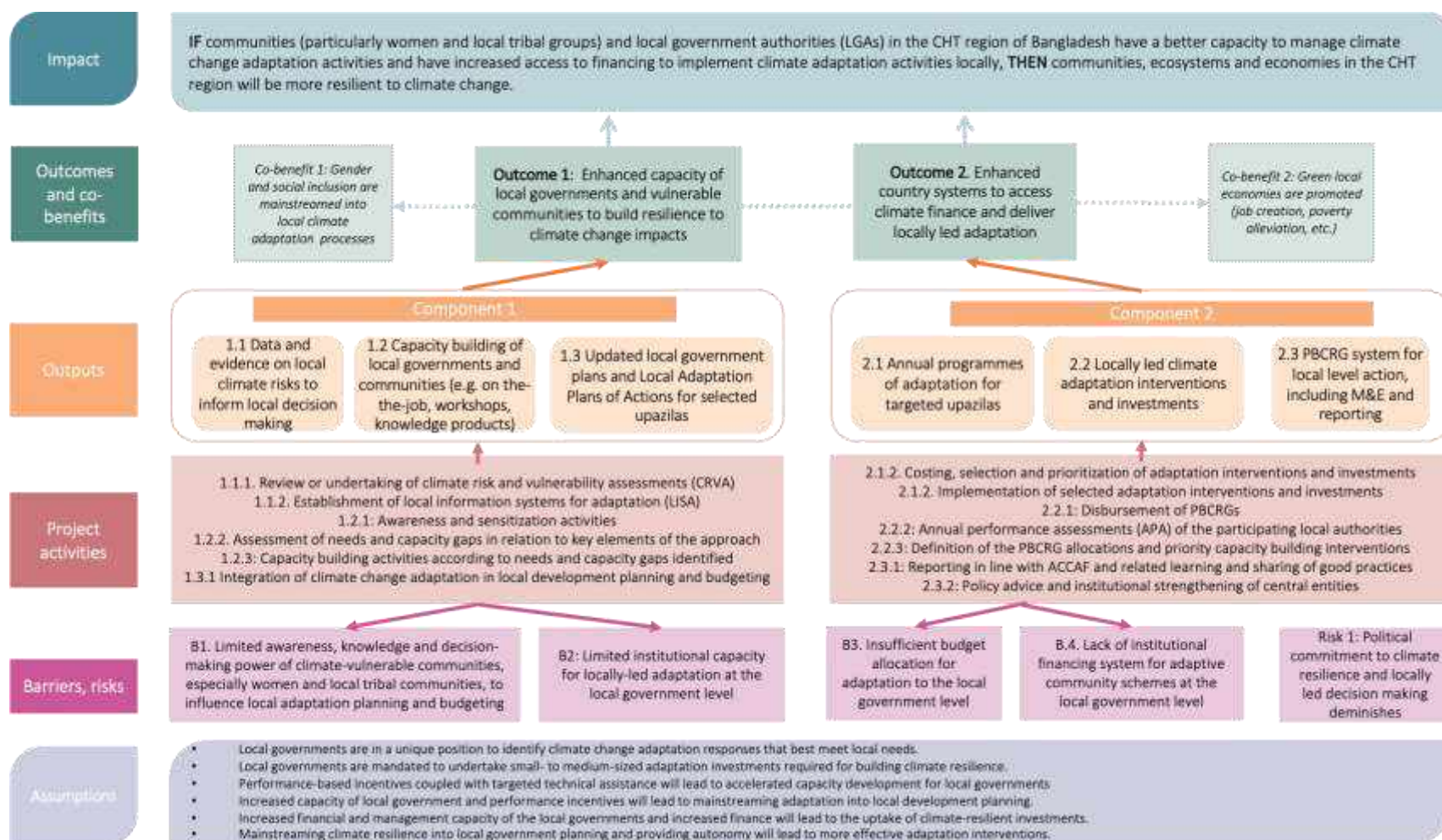
A. Record of endorsement on behalf of the government



B. Implementing Entity certification

<p>I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans, which includes Bangladesh's National Adaptation Plan 2023-2050, the Bangladesh Climate Change Strategy and Action Plan, Mujib Climate Prosperity Plan, Bangladesh Delta Plan 2100 and the Bangladesh's Perspective Plan 2021-2041 but not limited to: and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</p>	
<p><i>Michelle Guertin, Head, Business Development and Resource Mobilisation</i></p> <p></p> <p>Implementing Entity Coordinator</p>	
Date: 08/10/2023	Tel: +977-1-5275222 - Email: michelle.guertin@icimod.org
Project Contact Person: Nand Kishor Agrawal, Strategic Group Lead – Shaping Green and Resilient Mountain Economies	
Tel: +977-1-5275222 - Email: nandkishor.agrawal@icimod.org	

Annex 1: Project's Theory of Change



Annex 2: Gender Assessment

The main climatic threat in Bangladesh is the risk associated with flash floods because of erratic precipitation and the associated water scarcity⁶³, which tend to have differential impacts on women and marginalized groups. Women in the CHT region are particularly vulnerable to the cascading effects of these climatic conditions. Studies have shown that women are more vulnerable than men to short-term climatic events like natural disasters and long-term climate-induced changes like sea level rise, salinity intrusion in water, soil, land erosion, and drought. Conversely, these effects are magnified by existing social and gender inequalities, including the nature of livelihoods, ownership over productive assets, lower incomes, and exclusion from decision-making.⁶⁴ Limited access to information on early warning for disasters also increases risks for women and other marginalized groups. Social norms and family responsibility reduce women's survival chances in rapid-onset climate events. In surveys conducted in southern, cyclone-prone Bangladesh, women were reluctant to use shelters because of the difficulty of leaving their homes and/or staying in a shelter without a male relative. Women and adolescent girls also faced specific difficulties during disasters due to a lack of sanitation facilities, fuel, and water collection responsibilities for their families and from increased risk of gender-based violence. Limited access to drinking water increases the workload for women collecting water and increases the probability of suffering from gynecological problems in the long run. Children, the elderly, and people with disabilities were impacted by waterborne diseases, and people living in low-lying lands along rivers were vulnerable to frequent flash/riverine floods. Long-term waterlogging reduced accessibility to schools and increased the possibility of dropping out, especially for girls, affecting their future well-being.⁶⁵

Gender is also a significant factor in determining coping skills, as these intersect with socioeconomic status, sociocultural norms, access to resources, and poverty, which are heavily causally intertwined with gender. Women have limited access to assets, credit, extension services, and financial institutions, participation in government decision-making, and there's a lack of sex-disaggregated data for policy change. However, very few climate change interventions by the government, INGOs, or other UN agencies consider these gendered impacts.⁶⁶

Around 30 million marginalized people live in Bangladesh with diverse cultural identities, races, and ethnicities. Most indigenous people live in the 15 poorest districts, which include the Chittagong Hill Tracts, which are significantly affected by climate change and disaster.⁶⁷ While tribal women in the CHT are typically involved in various occupations, making economic contributions equivalent to those of their male counterparts, their work is consistently undervalued. 69.3% were homemakers, while the subsequent most frequently reported occupation was agriculture at around 21.88%. Spending on women and girls in indigenous families is disproportionately low (approximately 30%), which indicates gender inequality in the household. Within the household, 57% of indigenous women in the CHT shared that they could not make decisions without their husband's involvement, and 57.75% stated that they would have to involve their husbands in deciding whether they could go to the hospital to seek care. Only 29.18% felt that they could make economic decisions freely.⁶⁸ 59.9% of surveyed responded that wives and husbands would be involved in large purchases like land, houses, or furniture. The only decision that most women could make was what to cook for meals.⁶⁹ Indigenous people and mostly school-going girls of the Chittagong Hill Tracts have to walk long hours to collect water from sources, some 1–2.5 km away, with earthen pots or plastic

⁶³ <http://cuts2.com/mPNmj>

⁶⁴ [UN Women Bangladesh Country Portfolio Evaluation Final Report, 2019](#)

⁶⁵ <http://cuts2.com/mPNmj>

⁶⁶ [Ibid.](#)

⁶⁷ "State of the Marginalised Communities in Bangladesh, 2016". <http://cuts2.com/jAWej>

⁶⁸ Decision-Making Ability of Tribal Women in Chittagong Hill Tracts of Bangladesh, ResearchGate. [\(PDF\) Decision-Making Ability of Tribal Women in Chittagong Hill Tracts of Bangladesh \(researchgate.net\)](#)

⁶⁹ Decision-Making Ability of Tribal Women in Chittagong Hill Tracts of Bangladesh, ResearchGate. <http://cuts2.com/YHhyG>

buckets to carry 10–15 liters. They often have to miss school or spend less time on schoolwork as they prioritize collecting water. In extreme cases, women from some villages of southwestern coastal Bangladesh walk 6–12 km to fulfill the daily water requirement of three jars (12–15 liters each) per household.⁷⁰

Due to the conflicted and violent past of the CHT region, indigenous women have faced extreme threats of gender-based violence, forced marriage, abductions, and rape. Throughout the twenty years of conflict in the region, indigenous women became targets for settlers and armed forces due to their gender and indigenous status.⁷¹ Sexual violence was used to spread fear and exert power. Since the 1997 Peace Accord, there have been attacks from Bengali settlers on indigenous communities, and women report feeling insecure.⁷² During the conflict, as men were fighting, women had to take over responsibilities as heads of household while fearing for their safety. Psychosocial services for female victims of sexual violence are not readily available in the CHT. In cases where women have spoken out about sexual violence from the armed forces, there has been general impunity.⁷³

The most recent DHS survey of Bangladesh disaggregates data by district, so some socioeconomic information is available on the Chattogram district from 2017-2018. The survey revealed that 54.1% of women were married before age 18, and 26.7% of adolescents aged 15-19 have begun childbearing in Chattogram.⁷⁴ The total fertility rate for women in Chattogram is 2.5 births, the second highest of all divisions in Bangladesh. The prevalence of birth control is about 54% among indigenous women in the CHT, and 12% of women who want family planning cannot access it. There is little service provision in the region, but the visits to Bangalee and Khumi households were higher than other households. Survey respondents complained about needing to know where to go for medical treatment or that access points were too distant.⁷⁵ Data indicates that the prevalence of low birth weight, closely associated with maternal health and nutrition, is highest in the CHT.⁷⁶ Food security in the area is a considerable challenge, with the region ranking among the highest in food insecurity. Remoteness, lack of Roads, markets, services, and general infrastructure are barriers to accessing food, and monsoon season causes additional challenges. Women are disproportionately affected by food insecurity, eating least and last and giving others a priority in challenging times.⁷⁷

Indigenous women in the CHT region deal with discrimination from non-indigenous community members and from within their ethnic groups. Leadership positions in the formal structures of the CHT and within indigenous groups have been designed to reject female participation.⁷⁸ The CHT has been designated three seats in Bangladesh parliament, and women have yet to stand for elections or gain a seat (as of 2004). Traditional indigenous leadership positions are generally hereditary and almost always male, passed down through generations from fathers to sons.⁷⁹

⁷⁰ State of Gender Equality and Climate Change in Bangladesh, 2022, <http://cuts2.com/JYjck>

⁷¹ Roy, Chandra K., "Indigenous Women: A Gender Perspective" (2004). Aboriginal Policy Research Consortium International (APRCi). 194. <https://ir.lib.uwo.ca/aprci/194>

⁷² Amnesty International. "Bangladesh: Chittagong Hill Tracts: A Call for Justice at Mahalchari." Amnesty International, March 2004, www.amnesty.org/en/wp-content/uploads/2021/09/asa130032004en.pdf.

⁷³ Roy, Chandra K., "Indigenous Women: A Gender Perspective" (2004). Aboriginal Policy Research Consortium International (APRCi). 194. <https://ir.lib.uwo.ca/aprci/194>

⁷⁴ Bangladesh Demographic and Health Survey 2017-18 - Key Indicators 2017-2018. <http://cuts2.com/GvZPg>

⁷⁵ Decision-Making Ability of Tribal Women in Chittagong Hill Tracts of Bangladesh, ResearchGate. <https://www.researchgate.net/publication/338111114> (PDF) [Decision-Making Ability of Tribal Women in Chittagong Hill Tracts of Bangladesh \(researchgate.net\)](https://www.researchgate.net/publication/338111114)

⁷⁶ Akter, Shahinoor et al. "Access to maternal healthcare services among Indigenous women in the Chittagong Hill Tracts, Bangladesh: A cross-sectional study." *BMJ open* vol. 9,10 e033224. 28 Oct. 2019, doi:10.1136/bmjopen-2019-033224

⁷⁷ FAO. [Making change in the Chittagong Hill Tracts \(fao.org\)](https://www.fao.org/publications/serifs/2019/05/01/5c8e8e8e-8e8e-4e8e-8e8e-8e8e8e8e8e8e). [Making change in the Chittagong Hill Tracts \(fao.org\)](https://www.fao.org/publications/serifs/2019/05/01/5c8e8e8e-8e8e-4e8e-8e8e-8e8e8e8e8e8e)

⁷⁸ Roy, Chandra K., "Indigenous Women: A Gender Perspective" (2004). Aboriginal Policy Research Consortium International (APRCi). 194. <https://ir.lib.uwo.ca/aprci/194>

⁷⁹ [Ibid.](#)

Education is challenging for indigenous girls in the CHT, as instruction is provided in Bengali, not indigenous languages. Given the remoteness of the CHT and the hilly terrain, children also have to travel great distances by foot to reach schools. A survey provided of tribal women in the CHT in 2023 revealed that 22% of those surveyed had never gone to school.⁸⁰

Recognizing these barriers, this project will make special efforts to reach women and ensure they can benefit equally from the project. Through the project, women will be brought into decision-making at the local government level, all capacity building and awareness exercises, and gender concerns will be considered in developing adaptation strategies. The M&E framework of the project also takes into account sex-disaggregated data collection, and targets have been set for relevant outputs and outcomes to ensure that activities reach at least 50% of women.

Special attention will be paid to including women in every activity the project implements. The project will apply gender mainstreaming and social inclusion best practices throughout the project, including the following specific interventions to advance gender equality and the empowerment of women and girls.

- Provisioning for gender sensitizing/mainstreaming workshops for project partners, including community leaders and government officials, to increase awareness and capacity for the institutionalization of gender-responsive climate adaptation policy, systems, and budgets.
- Strengthening coordination among different ministries, departments, and agencies, collaboration among gender/climate change experts and women’s rights organizations working on climate change for knowledge sharing and joint action, conducting multi-stakeholder dialogues on climate resilience and gender equality and social inclusive adaptation.
- Promoting adolescent girls and youth climate action groups and meaningful participation and capacity building for community-based governance and leadership in climate action at the community level;
- mandating at least 50% of women’s involvement in CCA meetings, dialogues, and decision-making processes.
- Ensuring at least 50% women’s participation, including participation from indigenous groups, people with disability, and other vulnerable groups, in capacity-building training, ensuring that trainings consider the specific needs and climate vulnerabilities of women and girls and removing barriers to participation.
- Promoting partnerships with microfinance and other grassroots CSOs active in the CHT
- Including gender equality and social inclusion indicators as part of the PBCRG performance assessment system and awarding LGAs accordingly.
- Generating scientific knowledge, evidence-based scaling up of solutions/technologies, and good practices on gender and social inclusion and strengthening local-level adaptation planning processes and risk reduction.

Annex 3: Draft Performance Measures

Performance measures shall include a combination of: (1) Indicators of generic performance and (2) Indicators specific to climate change adaptation, to be further elaborated during the proposal design phase.

Generic Performance Indicators

Performance Area	Performance Measure / Indicator
I. DEMOCRATIC GOVERNANCE (4 indicators)	
1. Functioning of the standing committees	All Upazila / Pourshava Parishad Standing Committees (as per the Act No. 21, point 29) are established Committees conduct regular meetings with representatives from Upazila / Pourshava Parishad members and line departments as per the rules in the Act, 2009.
2. Functioning of the Upazila / Pourshava Parishad - Compliance	1. Invitation of participants for meetings 2 weeks in advance, 2. Minutes of annual meeting(s) on planning show that substantial service delivery issues and priorities across Ups and Line Agencies have been discussed, 3. Line Agencies are observers in the meetings

⁸⁰ Decision-Making Ability of Tribal Women in Chittagong Hill Tracts of Bangladesh, ResearchGate. <http://cuts2.com/YHhyG>

Performance Area	Performance Measure / Indicator
with the working processes:	4. Meetings chaired by the chairman
	5. Minimum 80 % of the members attended all meetings,
	6. Regular monthly meetings (12 per year) conducted in the Upazila / Pourshava Parishad premises.
3. Open Budget Meeting	1. Open budget meeting ⁸¹ has been conducted in conjunction with discussions of the priorities of funds for the ADP, UZGP grants and other resources.
	2. Meeting attended by Upazila / Pourshava Parishad members, line ministry officials and other local notables (school teachers, rural doctors, businessmen), notables tax payers and NGO officials operating locally
	3. Stakeholders need to be invited/and or public announcement of the event.
4. Active participation of Women members in Upazila / Pourshava Parishad meetings	1. All women members were present in at least 2/3 of the regular monthly Upazila / Pourshava Parishad council meetings held, and
	2. Women members raised issues for debate – minimum one per meeting.
II. PLANNING AND BUDGETING (7 indicators)	
1. Five-year development plan	3. Five-year plan is formulated
	4. Plan disclosed in accordance with the 2009 Act, Art 39.
5. Quality of the Five-Year Planning Document:	1. Upazila / Pourshava Parishad carried out an exercise of poverty and vulnerability profiling,
	2. Listing of poverty-stricken Ups/areas of the Upazila / Pourshava Parishad and/or social /economic mapping, taken variations in Ups into account, etc.;
	3. Used the same in the planning process and/or allocation of resources
2.A – Poverty targeting	4. Planned for use of the resources on the defined poor groups /areas (from mapping) and this is reflected in the five-year Plan Document
2.B – MDG targeting	1. Five-year plan has clear linkage, analysis and description of core MDG sectors and identified projects related with this (health, education, water & sanitation)
	2. Minimum 50 % of the resources planned for these core sectors
2.C- Women/gender issues addressed	Five-year plan has considered issues related with women groups and planned strategies for how to improve access to services and general conditions for women.
3. Existence of an integrated annual plan	1. Upazila / Pourshava Parishad has an annual plan with some planning inputs from Line Departments with clearly outlined objectives, outputs, activities and inputs and time-frames,
	2. Plan has been publicly disclosed
4. Quality of the annual planning document 4.1- MDG targeting:	1. MDG mapping and targeting of plan towards MDG core sectors applied (with core focus on health, education, water and sanitation).
	2. Minimum 50 % of the resources planned for these core sectors.
4.2- Gender Issues addressed	Evidence of women representatives' participation in planning meetings on the annual plan
4.3. Inputs from UZP standing committees	1. Evidence that there is input from the standing committees to the annual Upazila / Pourshava Parishad plans
	2. There is linkage between line department plans and activities and the Upazila / Pourshava Parishad plans
5. Annual budget developed.	1. Availability of a budget document for the Upazila / Pourshava Parishad encompassing grants, other source of revenues (revenue and revenue sharing etc.)
	2. All Upazila / Pourshava Parishad expenditures and revenues with linkage to the annual plan.
	3. The budget has been disclosed at the notice board according to the Art. 38 of the Upazila Act.
6. Consolidated budget encompassing inputs from line departments.	1. Composite budget for the Upazila / Pourshava Parishad, encompassing budget of line departments has been produced based on input from Line Departments.
	2. Regular budget and expenditure overviews are shared with Upazila / Pourshava Parishad and used for discussions during the Upazila / Pourshava Parishad operations in the council meetings.
7. ZP projects finance UPZ level functions	1. At least 65% of Upazila / Pourshava Parishad resources (ADP + UZGP performance- based grants) are planned on projects which are larger than BDT 1,000,000.
	2. At least 65% of the projects are planned to benefit more than one UP.
III. IMPLEMENTATION PERFORMANCE IN ACCORDANCE WITH PLAN AND BUDGETS (3 indicators)	
1. Project implementation	Number (share) of projects as per the annual plan for the previous FY actually implemented
2. Share of projects targeting cross UP activities or more significant UZP investments on UZP functional assignments (as	1. At least 65% of the resources (ADP + UZGP performance based development grants) are actually spent on projects which are larger than BDT 1 Million <u>Or</u>
	2. At least 65% of the projects actually benefit more than one UP.

⁸¹ after the legally described *disclosure* of the draft budget (Art. 38, in the Act)

Performance Area	Performance Measure / Indicator
opposed to UP functions) – actual use of funds.	
3. Actual Investment expenditure in social sectors / MDG areas	1. Actual expenditures show that a certain amount of the Upazila / Pourshava Parishad's <u>development budget (total resources for development)</u> has been used for the following (social) areas (in sum) a) health, b) education and c) water & sanitation to ensure diversity in implementation and promote MDGs.
VI. TRANSPARENCY and ACCOUNTABILITY (incl. FINANCIAL MANAGEMENT) (6 indicators)	
1. <u>Access</u> to Information	Notice boards in/outside of the Upazila / Pourshava Parishad office with information about: a) Grants from central government received last year, b) Projects supported, c) Statement of Upazila / Pourshava Parishad /UP tax revenue sharing, also showing the tax amounts shared with each UP and implemented during the year d) Revenue and expenditure overview for the previous FY e) Plans for the current FY
2. <u>Publication</u> of core information	Publication/dissemination of: a) Plans and budgets b) Final accounts (use of previous years funds) Financial statement Upazila / Pourshava Parishad Development Fund account c) Audit reports, d) Upazila / Pourshava Parishad annual report / progress reports about the development in projects.
3. Publication of performance assessments	Publication / dissemination of assessment results from the annual Performance Assessments (previous year)
4. Organization of public hearings/social audits/discussion fora	1. Minimum two open meetings per year involving community to be organized by the Upazila / Pourshava Parishad 2. Meetings to be at the Upazila / Pourshava Parishad premise 3. During meetings, information is provided to interested stakeholders about on-going projects and overall performance of the Upazila / Pourshava Parishad and/or social audit /Public hearings etc.
5. Level of revenue mobilization to ensure accountability	Own source revenues (Schedule 4 in the Upazila Act) as shown in Upazila / Pourshava Parishad income register have increased by >5% from previous year
6. Financial management	1. Cashbooks and Bank reconciliations up to date (within 1 month) 2. Register of letters received up – to date 3. A sample of 3 ledgers (up-to-date) 4. Income and expenditure vouchers kept and up-to data, numbered, etc. related with the Upazila / Pourshava Parishad funds, including the use of the UZGP performance-based development grants.

Climate Change Adaptation Indicators

Climate Change Adaptation - Specific performance measures are intended to assess the effort deployed by local governments in climate change resilience good practices, including raising awareness among local communities on the climate change adaptation challenges and their own performance in addressing climate change.

Area		Performance Measures
1	CC Resilience Strategy or equivalent	Upazila / Pourshava CCR strategy is updated on annual basis ahead of the annual planning- budgeting process
2	Consistency with CC Adaptation Policy	Activities funded in the budget from PBCR grant is consistent with CCR strategy
3	Citizens Participation	UP have been actively involved in the planning for and allocation of PBCR Grant resources
6	CC Feasibility Studies	Feasibility studies of local infrastructure schemes are conducted, integrating considerations on climate change adaptation/mitigation proofing
7	Environment Impact	Investment schemes are systematically cleared for environmental impact
9	Adherence to CC menu of eligible expenditures	% of PB-CR Grant actually allocated for climate change adaptation activities in adherence with the mandatory menu of CC eligible expenditures
10	CC Activities Implantation	CC projects are implemented on time and according to original design and costing, and/or % of CC activities implemented as per the plan
11	Reporting	Tracking and reporting on the utilization of the PBCR Grant in accordance with established format and schedule
12	Planning	CC challenges and risks are well integrated in the statutory planning process and reflected in the plan document

Annex 4: Population Data - CHT

Population Data 2022				
	Total	Male	Female	Trans-gender
Bandarban	480,642	246,590	234,035	17
Khagrachhari	713,934	357,406	356,477	51
Rangamati	647,253	333,015	314,205	33
Total	1,841,829	937,011	904,717	101
15% of total population identified as beneficiaries	276,274	140,552	135,708	15

Population Data – CHT - Source: Bangladesh Population & Housing Census 2011								
Upazila	Households	Population			Ethnic Population in Main Groups			
		total	Male	Female	Chakma	Marma	Tanchaynga	Others
Bandarban Zila	36676	172401	87670	84731	77477	38021	20685	36218
Alikadam	4021	21327	10955	10372	4046	11599	3079	2603
Bandarban Sadar	8887	39812	20167	19645	22978	5829	1423	9582
Lama	5802	27006	13630	13376	13752	7267	5314	673
Naikhongchhari	2399	11582	5817	5765	4351	1822	305	5104
Rowangchhari	5719	24745	12617	12128	14300	1292	2019	7134
Ruma	5427	26503	13618	12885	9598	5364	3002	8539
Thanchi	4421	21426	10866	10560	8452	4848	5543	2583
Khagrachhari Zila	70460	316987	159310	157677	161960	86196	67011	1820
Dighinala	14518	65389	33147	32242	57598	7444	93	254
Khagrachhari Sadar	15304	68952	34313	34639	31431	24300	12939	282
Lakshmichhari	4849	20913	10653	10260	14680	159	5823	251
Mahalchhari	7953	35252	17879	17373	20526	3869	10707	150
Manikchhari	3760	17690	8857	8833	1101	3574	12837	178
Matiranga	8779	40020	20047	19973	5484	27223	7180	133
Panchhari	9669	41797	20912	20885	28302	11204	1917	374
Ramgarh	5628	26974	13502	13472	2838	8423	15515	198
Rangamati Zila	77353	356153	181820	174333	260445	51235	27052	17421
Baghaichhari	15359	72837	37520	35317	67279	43	19	5496
Barkal	7182	35763	18649	17114	34408	676	3	676
Kawkhali	7672	34954	17561	17393	16617	17450	681	206
Belai Chhari	5278	24707	12763	11944	7359	2704	11480	3164
Kaptai Upazila	5849	24852	12465	12387	1114	16841	6414	483
Jurai Chhari	5891	26331	13563	12768	25199	68	928	136
Langadu	4751	20882	10755	10127	20510	21	3	348
Naniarchar	7876	36290	18428	17862	35314	854	6	116
Rajasthali	4308	18702	9527	9175	200	10269	4369	3864
Rangamati Sadar	13187	60835	30589	30246	52445	2309	3149	2932

Annex 5: Sector-wise standards aligned with proposed interventions

Sector	Interventions	Standards
Water resources	Community-based rainwater harvesting through indigenous techniques and conservation of wetlands, reservoirs, and natural springs for drinking water supplies in hard-to-reach and water-stressed areas	<ul style="list-style-type: none"> • The Ministry of Water Resources (MoWR) Guidelines for Rainwater Harvesting: These guidelines provide detailed technical specifications for the design, installation, and operation of rainwater harvesting systems. The guidelines also state that rainwater harvesting is mandatory for all government buildings in Bangladesh. • The Ministry of Environment and Forests (MoEF) Guidelines for Rainwater Harvesting: These guidelines provide general information about rainwater harvesting and encourage the use of rainwater harvesting in both urban and rural areas.
	Planned, participatory, and coordinated land and water resources management	<ul style="list-style-type: none"> • National Water Policy (2012): This policy sets out the government's vision for managing water resources in Bangladesh. The policy emphasizes the need for planned, participatory, and coordinated management of water resources. • National Water Management Plan (2015): This plan provides a framework for implementing the National Water Policy. The plan identifies the key challenges facing water resources management in Bangladesh and sets out several strategies for addressing these challenges.
	Development of a basin-wide and participatory watershed management framework to restore, harvest, and optimize the use of water resources	<ul style="list-style-type: none"> • The need to consider the social and environmental impacts of watershed management Watershed Management Guideline for Bangladesh (2009): This guideline provides a framework for developing and implementing watershed management plans in Bangladesh. Ministry of Water Resources (MoWR), 2009 • The need to ensure that watershed management plans are implemented in a sustainable way National Water Resources Management Strategy (2016): This strategy identifies several specific actions that need to be taken to improve the management of water resources in Bangladesh. MoWR, 2016. National Water Resources Management Strategy, Government of the People's Republic of Bangladesh. • The need to build capacity for watershed management Integrated Watershed Management Project (IWMP): This project is funded by the World Bank and is implemented by the MoWR. The project aims to improve the management of water resources in four watersheds in Bangladesh. World Bank, 2016. Integrated Watershed Management Project
	Sustainable shoreline erosion management based on eco or bioengineering measures	<ul style="list-style-type: none"> • Bangladesh Environmental Guidelines for Coastal Development (BEGCD): The BEGCD guides the sustainable development of coastal areas in Bangladesh. It includes a section on shoreline erosion management, which states that "eco- and bioengineering measures should be used in preference to hard engineering measures whenever possible". • National Action Plan for Protection and Management of Coastal Ecosystems of Bangladesh (NAPM): The NAPM is a government plan that outlines the priorities for protecting and managing coastal ecosystems in Bangladesh. It includes a section on shoreline erosion management stating that "eco- and bioengineering measures should be used to protect and restore shorelines". • Guidelines for Sustainable Shoreline Management in Bangladesh (GSM): The GSM guides the sustainable management of shorelines in Bangladesh. It includes a section on eco- and bioengineering measures, which states that "these measures are more sustainable than hard engineering measures and can be used to protect and restore shorelines".
Agriculture	Extension of climate-smart technologies for increasing irrigation water use efficiency	<ul style="list-style-type: none"> • National Adaptation Programme of Action (NAPA) outlines Bangladesh's climate change adaptation priorities. It includes a section on water resources management, emphasizing the need to improve irrigation water use efficiency. • National Water Management Plan (NWMP): This plan outlines the priorities for water resources management in Bangladesh. It includes a section on irrigation water use efficiency, emphasizing the need to promote climate-smart technologies. • Guidelines for Irrigation Water Use Efficiency Improvement in Bangladesh (GWUEI): These guidelines guide improving irrigation water use efficiency in Bangladesh. They emphasize the need to use climate-smart technologies, such as drip and sprinkler irrigation. • The National Irrigation Policy, 2015: This policy provides the overall framework for irrigation in Bangladesh. It includes provisions for the promotion of climate-smart technologies. • The National Agricultural Policy, 2018: This policy provides Bangladesh's overall framework for agriculture. It includes provisions for the promotion of climate-smart technologies. • The Bangladesh Climate Change Act, 2019: This law provides the legal framework for climate change adaptation and mitigation in Bangladesh. It includes provisions for the promotion of climate-smart technologies
	Augmentation of surface water for irrigation and multipurpose use	<ul style="list-style-type: none"> • The Water Resources Act, 2013: This law provides the legal framework for water resources management in Bangladesh. It includes provisions for the augmentation of surface water. • The National Irrigation Policy, 2015: This policy provides the overall framework for irrigation in Bangladesh. It includes provisions for the augmentation of surface water. • The National Agricultural Policy, 2018: This policy provides Bangladesh's overall framework for agriculture. It includes provisions for the augmentation of surface water. • Water Act, 2013: This act provides the overall framework for water management in Bangladesh. It includes provisions for regulating the use of water in irrigation.

Sector	Interventions	Standards
	Extension of stress-tolerant, pest and disease-resistant rice and non-rice crops	<ul style="list-style-type: none"> • National Agricultural Policy, 2018: This policy provides Bangladesh’s overall framework for agriculture. It emphasizes the need to promote stress-tolerant, pest, and disease-resistant crops. • National Seed Policy, 2018: This policy provides the overall framework for seed production and distribution in Bangladesh. It emphasizes promoting quality, stress-tolerant, pest, and disease-resistant seeds. • Guidelines for the Development and Promotion of Stress-Tolerant, Pest and Disease-Resistant Crops in Bangladesh (GTPDR): These guidelines guide developing and promoting stress-tolerant, pest and disease-resistant crops in Bangladesh. They emphasize the need to consider a range of factors, including the climate, the problems and diseases prevalent in Bangladesh, and the requirements of farmers.
	Crop diversification/intensification for natural resources optimization and reduction of climate stress	<ul style="list-style-type: none"> • National Agricultural Policy, 2018: This policy provides Bangladesh’s overall framework for agriculture. It emphasizes the need to promote crop diversification and intensification. • National Adaptation Programme of Action (NAPA) outlines Bangladesh’s climate change adaptation priorities. It emphasizes the need to promote crop diversification and intensification to reduce the impacts of climate change on agriculture. • Guidelines for Crop Diversification and Intensification in Bangladesh (CDI): These guidelines guide how to promote crop diversification and intensification in Bangladesh. They emphasize the need to consider a range of factors, including the climate, the soil, and the requirements of farmers.
	Farm modernization/mechanization to reduce climate vulnerability	<ul style="list-style-type: none"> • National Agricultural Policy, 2018: This policy provides Bangladesh’s overall framework for agriculture. It emphasizes the need to promote farm modernization and mechanization to reduce the impacts of climate change on agriculture. • National Adaptation Programme of Action (NAPA) outlines Bangladesh’s climate change adaptation priorities. It emphasizes the need to promote farm modernization and mechanization to reduce the impacts of climate change on agriculture. • Guidelines for Farm Modernization and Mechanization in Bangladesh (FMM): These guidelines guide how to sustainably promote farm modernization and mechanization in Bangladesh. They emphasize the need to consider a range of factors, including the climate, the soil, and the requirements of farmers.
	Increased fertilizer use efficiency for enhancing production	<ul style="list-style-type: none"> • National Agricultural Policy, 2018: This policy provides Bangladesh’s overall framework for agriculture. It emphasizes the need to promote increased fertilizer use efficiency to enhance production. • National Fertilizer Policy, 2018: This policy provides the overall framework for fertilizer use in Bangladesh. It emphasizes the need to promote efficient application methods and soil testing. • Guidelines for Increased Fertilizer Use Efficiency in Bangladesh (IFE): These guidelines guide how to sustainably promote increased fertilizer use efficiency in Bangladesh. They emphasize the need to consider a range of factors, including the climate, the soil, and the requirements of farmers. • Environmental Protection Act, 1995: This act provides the overall framework for environmental protection in Bangladesh. It includes provisions for regulating the use of pesticides and fertilizers in agriculture.
	Extension of good agricultural practices, modern agricultural technology, and sloping agricultural land technology (SALT)	<ul style="list-style-type: none"> • The National Agricultural Technology Policy, 2018 (NATP) outlines the government’s vision for developing agricultural technology in Bangladesh. The vision is to create a “technology-enabled agriculture” that is “productive, sustainable, and competitive.”
Ecosystems, wetlands, and biodiversity	Development of multifunctional hill and forest management and conservation system	<ul style="list-style-type: none"> • National Forest Policy, 2016. This policy provides a framework for the management of forests in Bangladesh. The policy includes several provisions for the development of multifunctional hill and forest management and conservation systems, such as: • The establishment of a national forest management authority • The development of management plans • The promotion of sustainable forest management practices
	Adopt other effective area-based conservation measures to fulfill the biodiversity framework target	<ul style="list-style-type: none"> • National Biodiversity Strategy and Action Plan (NBSAP). This plan provides a framework for the conservation of biodiversity in Bangladesh. The plan includes several provisions for the adoption of other effective area-based conservation measures (OECMs), such as: • The identification of OECMs • The development of management plans for OECMs • The provision of financial assistance for OECMs
	Combat desertification by planting regenerative indigenous species	<ul style="list-style-type: none"> • The Bangladesh National Action Plan for Combating Desertification and Land Degradation (NAP-CDDL): The NAP-CDDL provides a framework for combatting desertification and land degradation in Bangladesh. The NAP-CDDL includes provisions for the planting of regenerative indigenous species.
	Conservation of agroecosystems through expanded agroforestry, good agricultural practices, and regenerative agriculture	<ul style="list-style-type: none"> • See above – under the agriculture sector
	Development of a participatory wetlands management framework for the sustainable management of wetlands	<ul style="list-style-type: none"> • The National Wetland Policy of Bangladesh (2012) states that “the government will promote the participation of local communities in the management of wetlands.” • The National Wetland Action Plan of Bangladesh (2013) identifies participatory management as one of the critical strategies for sustainable wetland management.

Sector	Interventions	Standards
		<ul style="list-style-type: none"> The Guidelines for Participatory Wetland Management in Bangladesh (2014) provides a framework for developing and implementing participatory wetland management plans.
	Conservation of village common forests (VCFs) through community-based spring, watershed and agricultural landscape management, and soil conservation in the Chattogram Hill Tracts	<ul style="list-style-type: none"> See above – under the agriculture sector
	Halda River ecosystem restoration and conservation	<ul style="list-style-type: none"> The National Wetland Policy of Bangladesh (2012): This policy states that the government will promote the restoration and conservation of wetlands, including the Halda River. The National Biodiversity Strategy and Action Plan of Bangladesh (2015): This plan identifies the Halda River as a priority area for biodiversity conservation.
	Watershed management of Kaptai Lake for ecosystem resilience and water retention	<ul style="list-style-type: none"> The National Water Policy of Bangladesh (1999): This policy states that the government will promote the restoration and conservation of water bodies, including Kaptai Lake.
	Revitalization of natural springs and sustainable management of water bodies for reducing water scarcity, and the restoration and conservation of ecosystems and biodiversity	<ul style="list-style-type: none"> The National Biodiversity Strategy and Action Plan of Bangladesh (2015): This plan identifies the restoration and conservation of water bodies as one of the key strategies for biodiversity conservation.

Annex 6: Checklist – potential social and environmental risks

ES Principles	Compliance	Potential risk, impact	Details of potential risks	Measures to address risks
1. Compliance with the Law	X	Risk: low Impact: Impact	Lack of compliance - possible lack of compliance with laws, regulations, and LGA rules and guidelines (e.g., no planning permission, environmental permits, or construction permits) by grantees during the implementation of interventions	The project will ensure that a description of the legal and regular frameworks will be required for all interventions and grantees to ensure that compliance is met throughout the implementation of the project
2. Access and equity	X	Risk: low Impact: low	Lack of capacity – some stakeholders may not have the technical capacity to participate in the project. Inadequate representation and participation – if stakeholders do not see the value of participating, some communities may not be adequately represented. Competitive access – intense competition for funding among communities may lead to conflicts over resource allocation.	The project’s Component 1 will focus on building capacity for stakeholders to ensure they can effectively participate in the project and apply for grants. Awareness building of the project based on transparent information will be produced and shared with upazilas, including translated into relevant local languages. Transparent criteria will be used for the selection of interventions, with a focus on ensuring greater participation by vulnerable communities (women and tribal groups).
3. Marginalized and vulnerable groups	X	Risk: low Impact: low	See above under 2. Exclusion and marginalization – despite the project’s aim to support marginalized and vulnerable groups, there is a risk that certain groups may still be excluded. Power imbalances and lack of participation – groups may face power imbalances making it difficult for them to participate meaningfully in the projects.	See above under 2. The LoCAL PBCGF mechanism ensures the active participation of project stakeholders in the design of the interventions and decision-making, including marginalized and vulnerable groups (including women and tribal groups), providing a safe space for engagement and participation. Consultations during the proposal development stage to inform such groups of the project and participation opportunities.
4. Human rights	X	Risk: low Impact: low	Inadequate consideration of human rights – there is a risk that interventions may not adequately consider the human rights implications of their activities, which could lead to unintended negative impacts on vulnerable communities.	See above under 1, which includes ensuring compliance with laws, regulations, and LGA guidelines regarding human rights.
5. Gender	X	Risk: low	See above under 2 and 3.	See above under 2 and 3.

equality and women's empowerment		Impact: low	Superficial integration: despite the project's aim to target women and girls, there is a risk that gender considerations are integrated superficially without valuing their input and leadership, which could lead to ineffective outcomes. Unequal distribution of benefits – there is a risk that the interventions may inadvertently benefit men more than women if gender-specific needs are not adequately addressed, leading to further gender disparities.	The project aims for at least 50% of women beneficiaries. Consultations with gender equality experts during the proposal development stage to ensure the project is responsive to various gender needs and roles. The project will apply gender mainstreaming and social inclusion best practices throughout the design and implementation of the project, including focusing on gender equality and women's empowerment-specific interventions.
6. Core labor rights	X	Risk: low Impact: low	Inadequate consideration of core labor rights – there is a risk that interventions may not adequately consider the core labor rights implications of their activities, which could lead to unintended negative impacts on vulnerable communities.	See above under 1, which includes ensuring compliance with laws, regulations, and LGA guidelines regarding core labor rights.
7. Indigenous Peoples	X	Risk: low Impact: low	See above under 2 and 3. Superficial integration: despite the project's aim to target Indigenous Peoples, there is a risk that considerations are integrated superficially without valuing their input and leadership, which could lead to ineffective outcomes. Unequal distribution of benefits – there is a risk that the interventions may inadvertently benefit other communities than Indigenous Peoples if their needs are not adequately addressed, leading to further disparities.	See above under 2 and 3. The project aims to reach 15% of the population, including the proportion of local tribal groups. The project will apply social inclusion best practices throughout the design and implementation of the project, including focusing on specific interventions with the involvement of tribal groups.
8. Involuntary resettlements	No observed risks	Risk: low Impact: low	Not anticipated, as there will be no involuntary resettlement in this project	N/A
9. Protection of natural habitats	X	Risk: low Impact: high	Unintended ecosystem disturbances – some intervention activities may inadvertently disturb natural habitats, leading to unintended negative ecological impacts. Trade-offs – balancing adaptation needs with habitat protection can lead to conflicts between the desire to protect natural areas and the urgency of addressing climate impacts.	Because this project includes USPs, an in-depth review process and risk assessment will be conducted for each USP to screen for environmental and social risks, plan mitigation measures, and identify any required safeguards and monitoring processes. This will ensure that risks inherent to each USP's unique environment and social setting are considered, and the USP will not go ahead if the risks are deemed unacceptable. Consideration will be provided to prioritize nature-based solutions to achieve adaptation goals and habitat restoration efforts.
10. Conservation of biological diversity	X	Risk: low Impact: high	Inadequate understanding of biodiversity – some interventions may not fully consider the complexity of local biodiversity and ecosystems, leading to unintended negative impacts on species and habitats. Trade-offs – balancing adaptation needs with the conservation of biological diversity can lead to conflicts between the desire to protect natural areas and the urgency of addressing climate impacts.	Because this project includes USPs, an in-depth review process and risk assessment will be conducted for each USP to screen for environmental and social risks, plan mitigation measures, and identify any required safeguards and monitoring processes. This will ensure that risks inherent to each USP's unique environment and social setting are considered, and the USP will not go ahead if the risks are deemed unacceptable. Consideration will be provided to prioritize nature-based solutions to achieve adaptation goals and habitat restoration efforts.
11. Climate change	X	Risk: medium Impact: high	Proposed project interventions are not expected to generate significant greenhouse gases or exacerbate climate change. Maladaptation and limited effectiveness – there are	Because this project includes USPs, an in-depth review process and risk assessment will be conducted for each USP to screen for environmental and social risks, plan mitigation measures, and identify any required safeguards and monitoring processes. This

			<p>risks that adaptation interventions are not well-planned or based on a solid understanding of local contexts, which can lead to maladaptation and inadequate outcomes.</p> <p>Uncertain future conditions – climate change impacts are uncertain and can change over time; there is a risk that interventions don't take complete account of these uncertainties, leading to challenges as conditions evolve.</p>	<p>will ensure that risks inherent to each USP's unique environment and social setting are considered, and the USP will not go ahead if the risks are deemed unacceptable.</p> <p>Updated data and information from various sources will be used for project design and implementation, including each USP's in-depth review process and risk assessment.</p>
12. Pollution prevention and resource efficiency	X	Risk: low Impact: medium	<p>Unintended outcomes – efforts to prevent pollution or enhance resource efficiency might inadvertently lead to other negative impacts, especially if the full environmental context is not considered.</p> <p>Trade-offs – balancing adaptation needs with pollution prevention and resource efficiency can lead to conflicts between the desire to protect natural areas and the urgency of addressing climate impacts.</p>	<p>Because this project includes USPs, an in-depth review process and risk assessment will be conducted for each USP to screen for environmental and social risks, plan mitigation measures, and identify any required safeguards and monitoring processes. This will ensure that risks inherent to each USP's unique environment and social setting are considered, and the USP will not go ahead if the risks are deemed unacceptable.</p> <p>Consideration will be provided to prioritize nature-based solutions to achieve adaptation goals.</p>
13. Public health	X	Risk: low Impact: high	<p>Inadequate consideration of public health – there is a risk that interventions may not adequately consider the public health implications of their activities, which could lead to unintended negative impacts on vulnerable communities.</p>	<p>See above under 1, which includes ensuring compliance with laws, regulations, and LGA guidelines regarding public health. Because this project includes USPs, an in-depth review process and risk assessment (including health impact screening) will be conducted for each USP to screen for environmental and social risks, plan mitigation measures, and identify any required safeguards and monitoring processes. This will ensure that risks inherent to each USP's unique environment and social setting are considered, and the USP will not go ahead if the risks are deemed unacceptable.</p>
14. Physical and cultural heritage	X	Risk: low Impact: low	<p>Initial consultations have not identified the presence of physical and cultural sites. However, further assessment will be conducted during the project proposal phase.</p> <p>Trade-offs – balancing adaptation priorities with the preservation of physical and cultural heritage can be challenging, leading to potential tensions within communities.</p>	<p>See above under 1, which includes ensuring compliance with laws, regulations, and LGA guidelines regarding preserving physical and cultural sites.</p> <p>Consultations during the proposal development stage to identify any presence of physical and cultural sites to be included as a consideration when developing interventions under this project.</p>
15. Lands and soil conservation	X	Risk: medium Impact: high	<p>Land-use conflicts – balancing different land uses for conservation and development purposes can lead to a risk of conflict among stakeholders with varying interests, including trade-offs with agriculture.</p> <p>Unintended hydrological impacts – some soil conservation measures can affect local hydrology, leading to risks of water availability and quality changes, which is already a significant issue for the region.</p>	<p>See above under 1, which includes ensuring compliance with laws, regulations, and LGA guidelines regarding land use.</p> <p>Because this project includes USPs, an in-depth review process and risk assessment will be conducted for each USP to screen for environmental and social risks, plan mitigation measures, and identify any required safeguards and monitoring processes. This will ensure that risks inherent to each USP's unique environment and social setting are considered, and the USP will not go ahead if the risks are deemed unacceptable.</p> <p>Consideration will be provided to prioritize nature-based solutions to achieve adaptation goals.</p>