



**SCALING UP OF THE LOCAL MECHANISM
LOCAL GOVERNMENTS AND CLIMATE CHANGE (LGCC) PROJECT**

THIRD QUARTERLY PROGRESS REPORT 2020

PROJECT TITLE: Local Governments and Climate Change - Scaling Up Climate Resilience Grants in Cambodia: Innovative Decentralized Water Solutions to Provide Safety and Resilience for Residential Water Systems”LGCC-WRP

ORGANISATION: NCDD SECRETARIAT

REPORTING PERIOD: 01st July– 30th September 2020

Project Duration: JANUARY 2020-DECEMBER 2021

Total Approved Budget: USD 618,487.72

Project Partners: UNCDF

October 2020 

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1. INTRODUCTION

Local Governments and Climate Change (LGCC) has been implemented in Cambodia since 2011 with technical and financial assistance of “Local Climate Adaptive Living Facility” (LoCAL), aiming support local governments to develop plans and to finance investments in order to enhance the resilience of local communities to the impacts of climate change. LGCC project was designed and implemented within the framework of LoCAL project which is a UNCDF Global project to provide access for local governments in least developed countries to climate change adaptation (CCA) finance.

The LGCC project is implemented by the NCDD Secretariat (NCDDS), consisting of four key results in the areas of (1) sub-national climate change adaptation investments, (2) capacity development, (3) programme development, and (4) learning, innovation and knowledge management, aimed at a strengthened understanding of the climate adaptive benefits resulting from local government action and an expanded range of potential climate change adaptation interventions. The project is implemented in 5 districts of Battambang province and one municipality and 2 districts of Takeo province.

Phase 1 of LGCC was a pilot implemented in 2012 and Phase 2 (LGCC2) was implemented from 2013-2016 with funding support from SIDA. During 2016, SIDA also agreed to provide funding for a Bridging Phase of LGCC from 2017-2019 to continue supporting the LGCC2 and mobilise funds for scaling up the LGCC approach.

In 2019 the UNCDF and NCDDS signed an LoA, with a total budget of USD 260,082, to continue supporting NCDDS aimed at providing capacity development and mainstreaming CCA into district development plan and investment program, assisting the SNAs in completing and closing the investment projects and supporting NCDDS on accreditation process, which was started since 2015, to gain direct access to the Green Climate Fund (GCF).

As a result, in November 2019 NCDDS was recognized as a National Implementing Entity (NIE) of GCF. In May 2020, the LoA 2019 was amended, with an additional budget of USD 103,400, and extended to 2020-2021 to continue supporting NCDDS to go through the accreditation process as an NIE and providing technical assistance to prepare a proposal to GCF for roll out of the LoCAL.

This third quarterly progress report covers a period from 01 July-30 September 2020 describing key achievements and challenges as well as actions taken to address these challenges during the reporting period. The report is divided into seven sections as followings:

1. Introduction describing background of LGCC project
2. Summary of key achievements
3. Key achievements against results framework
4. Summary of financial progress
5. Key challenges and actions taken
6. Conclusion and
7. Workplan for the third quarter.

2. SUMMARY OF KEY ACHIEVEMENTS

This report covers a three-month period from July-September 2020. During this period, key achievements of the project are described and summarized as followings:

Importantly during this reporting period, Basak commune, Rukkhari district of BAT province has been selected as a new target area for piloting the project on safe and resilient water supply system. A local investor has been identified and agreed for managing this system. BAT has also established a Working Group, chaired by a provincial deputy governor, responsible to support the project implementation.

The closing report of LGCC-BP project (June 2016-December 2019) prepared using the new guideline on project closure and approved by NCDDS on 22 September 2020.

On support to NCDDS for GCF accreditation process, key achievements during this period include PWC selected and contracted to audit the Implementation Plan and Roadmap of NCDDS starting from 1st September 2020 to 30 November 2020, LGCC3 Concept Note has been submitted GCF and Readiness Proposal reviewed and revised based on comments from GCF. At the meantime, NCDDS has coordinate and cooperated with UNDP to support a consultancy on formulation of the NCDDS Entity Work Programme over the next 5 years. TOR has been prepared and advertised.

Detailed progress by quarter against result framework of the LGCC project is provided in Table 1: Second Quarter Key Achievements against Project Result Framework below.



3. KEY ACHIEVEMENTS AGAINST RESULTS FRAMEWORK

Table 1: Third Quarter Key Achievements against Project Result Framework

Level	Results and Activities	Indicators	Targets 2020	Progress 2020 by Quarter				Sources of Information
				Q1	Q2	Q3	Q4	
Outcome	RGC is ready to scale up sub-national climate change adaptation finance nationwide, with access based on a climate vulnerability index and achievement of readiness conditions linked to a sub-national climate change mainstreaming index	<ul style="list-style-type: none"> By mid-2018, all elements of PBCRG system are described in formal guidelines and field tested ready for roll-out 	<ul style="list-style-type: none"> Manuals on Performance Based Grants of NCDD and projects developed based on lessons learnt from LGCC project developed, disseminated and operationalized 	<ul style="list-style-type: none"> Manuals on Performance Based Grants of NCDD and projects disseminated and operationalized 	<ul style="list-style-type: none"> Manuals on Performance Based Grants of NCDD and projects disseminated and operationalized 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Approved manuals on Performance Based Grants of NCDD and projects
Output	1. Closing LGCC Bridging Phase and builds capacity sub-national government to implement new policies	<ul style="list-style-type: none"> LGCC BP is closed in mid-2020 NCDDDS and CP officials with improved capacity on ESS and GEP 	<ul style="list-style-type: none"> LGCC BP is closed in June 2020 Capacity building training for NCDDDS and CP officials conducted in Q1 of 2020 	<ul style="list-style-type: none"> Data and information for closing LGCC BP collected from NCDDDS and target provinces 	<ul style="list-style-type: none"> Draft end of LGCC BP project report has been prepared 	<ul style="list-style-type: none"> Completed Closing report of LGCC BP project prepared using new project closure guideline and approved by NCDDDS on 2 September 2020 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Approved closing report of LGCC BP project of NCDDDS
Activity	1.1. Support to target provinces and districts to close the projects	<ul style="list-style-type: none"> District and commune projects closed Agreements (Joint Decisions-JD) on the implementation of LGCC BP project between NCDDDS and 2 target provinces closed 	<ul style="list-style-type: none"> District and commune projects closed in Q1 JDs on the implementation of LGCC BP project between NCDDDS and 2 target provinces closed in Q2 	<ul style="list-style-type: none"> District and commune projects closed in 2019 End of JD reports on the implementation of LGCC BP project between NCDDDS and 2 target provinces drafted 	<ul style="list-style-type: none"> Completed End of JD reports on the implementation of LGCC BP project between NCDDDS and 2 target provinces reviewed and approved by NCDDDS 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Signed contract closing reports of the target districts and communes Singed JD closing reports of BAT and TAK

Level	Results and Activities	Indicators	Targets 2020	Progress 2020 by Quarter				Sources of Information
				Q1	Q2	Q3	Q4	
Activity	1.2. LGCC PB project end assessment and field support	<ul style="list-style-type: none"> End of LGCC BP project assessment conducted and report prepared by mid-2020 	<ul style="list-style-type: none"> End of LGCC BP project assessment conducted and report prepared by mid-2020 Assessment report disseminated and shared with relevant stakeholders 	<ul style="list-style-type: none"> End of LGCC BP project assessment conducted and report prepared and submitted on 25 March 2020 	<ul style="list-style-type: none"> Completed End of LGCC BP project assessment report shared with stakeholders for comments and inputs; and concluded 			<ul style="list-style-type: none"> Approved LGCC project assessment report of UNCDF-LOCAL
Activity	1.3. Builds capacity on Environmental Social Safeguard (ESS) and Gender Equality Policy for Sub-National Democratic Development (GEP) for sub-national government officials	<ul style="list-style-type: none"> Training on ESS and GEP for NCDDDS officials and for Capital and provincial focal persons 	<ul style="list-style-type: none"> Two training on ESS and GEP for NCDDDS officials and for the Capital and provincial focal persons conducted in Q1, 2020 	<ul style="list-style-type: none"> Completed Two training on ESS and GEP for NCDDDS officials and for the 75 Capital and provincial focal persons conducted in August 2019 and February 2020 respectively 				<ul style="list-style-type: none"> Training reports of NCDDDS
Output	2. Finance mobilised and systems ready for scale-up	<ul style="list-style-type: none"> Funding proposal on LGCC3 submitted to GCF 	<ul style="list-style-type: none"> Concept Note on LGCC3 prepared and submitted to GCF 	<ul style="list-style-type: none"> Consultations with representatives from ministries, SNAs, DPs and CSOs on LGCC3 project formulation conducted 	<ul style="list-style-type: none"> Concept note on LGCC3 drafted and shared with relevant stakeholders for comments and inputs 	<ul style="list-style-type: none"> Ongoing LGCC3 Concept Note submitted to GCF 		<ul style="list-style-type: none"> Draft Concept Note on LGCC3 with comments and input from DPs
Activity	2.1. Support NCDD for GCF-NIE Accreditation process	<ul style="list-style-type: none"> GCF accreditation conditions reviewed and fulfilled 	<ul style="list-style-type: none"> GCF Accreditation Agreement (AMA) between RGC and GCF signed Implementation plan and Roadmap to fulfill the accreditation conditions formulated in Q1, 2020 Readiness proposal developed and 	<ul style="list-style-type: none"> AMA reviewed and comment by NCDDDS Implementation plan and roadmap to fulfill accreditation conditions drafted Readiness proposal to support the implementation plan and roadmap drafted TOR for audit on implementation plan 	<ul style="list-style-type: none"> AMA signed on 08 May 2020 Readiness proposal to support the implementation plan and roadmap submitted to GCF TOR for audit on implementation plan and roadmap concluded and communicated with Price Waterhouse 	<ul style="list-style-type: none"> Ongoing Readiness Proposal submitted to GCF in September 2020 Contract between NCDDDS and PWC for auditing the Implementation Plan and Roadmap signed starting from 1st September to 30 November 2020 		<ul style="list-style-type: none"> Signed AMA LGCC3 Concept Note and Readiness proposal of NCDDDS Singed contract between NCDDDS and PWC Draft Information Disclosure Policy, Grievance Redress Mechanism and Project

Level	Results and Activities	Indicators	Targets 2020	Progress 2020 by Quarter				Sources of Information
				Q1	Q2	Q3	Q4	
			<p>approved by GCF in Q4, 2020</p> <ul style="list-style-type: none"> Audit on the Implementation Plan and Roadmap conducted in Q3, 2020 	<p>and roadmap drafted and shared</p> <ul style="list-style-type: none"> Information Disclosure Policy, and Grievance Redress Mechanism drafted and being reviewed 	<p>Coopers (PWC). NCDDDS has reviewed and negotiated the financial proposal on the audit with PWC</p> <ul style="list-style-type: none"> Information Disclosure Policy and Grievance Redress Mechanism are being reviewed and revised Project Management Manual drafted and being reviewed 	<ul style="list-style-type: none"> NCDDDS coordinated and requested UNDP to support a consultancy on developing NCDDDS Entity Work Programme for the next 5 years. UNDP has supported as requested. TOR of the consultancy developed and advertised, Information Disclosure Policy, Grievance Redress Mechanism and Project Management Manual are being reviewed and revised 		<p>Management Manual of NCDD</p>
Activity	2.2. Review and validating project design to GCF	<ul style="list-style-type: none"> Funding proposal on Local Governments and Climate Change Phase 3 (LGCC3) to GCF approved by end of 2021 	<ul style="list-style-type: none"> Concept note on LGCC3 approved by GCF by end of 2020 Funding proposal on LGCC3 drafted in consultations with stakeholders 	<ul style="list-style-type: none"> Consultations with representatives from ministries, SNAs, DPs and CSOs on LGCC3 project formulation conducted 	<ul style="list-style-type: none"> Concept note on LGCC3 drafted and shared with relevant stakeholders for comments and inputs 	<ul style="list-style-type: none"> Ongoing Concept Note on LGCC3 submitted to GCF in September 2020 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Concept Note on LGCC3 of NCDDDS

Level	Results and Activities	Indicators	Targets 2020	Progress 2020 by Quarter				Sources of Information
				Q1	Q2	Q3	Q4	
Output	3. Innovative Decentralized Water Solutions to Provide Safety and Resilience for Residential Water Systems	<ul style="list-style-type: none"> A pilot project on community water treatment plant to provide safe and resilient water supported and operated by local investor by mid-2021; and managed by commune council 	<ul style="list-style-type: none"> Safe and resilient water treatment plant construction started 	<ul style="list-style-type: none"> Feasibility study on the safe and resilient water system in Wat Tamim commune, BAT conducted 	<ul style="list-style-type: none"> Studies to identify a target commune to implement the project 	<ul style="list-style-type: none"> Ongoing Basak commune, Rukkari district of BAT selected as a new target area for piloting the project on safe and resilient water supply system 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Feasibility study reports of NCDDDS Meeting minutes of BAT
Activity	3.1. Capital investment on infrastructure in water related projects, detail design, and capacity building	<ul style="list-style-type: none"> Safe and resilient water treatment plant constructed and operated Target SNA officials with improved capacity on safe and resilient water management 	<ul style="list-style-type: none"> Safe and resilient water treatment plant concluded, designed and construction started Target SNA officials with improved capacity on safe and resilient water management 	<ul style="list-style-type: none"> Feasibility study on the safe and resilient water system in Wat Tamim commune, BAT conducted Agreement between UNCEF and NCDDDS on the establishment, financing and management of water resilient fund in Cambodia drafted 	<ul style="list-style-type: none"> Feasibility study to identify on the safe and resilient water system in Wat Tamim commune, BAT stopped due to water supply system in this area has been licensed to a private investor The PMSD team has conducted studies to identify a new target commune to implement the project. Report on the studies prepared and submitted to NCDDDS management for review and advise. Agreement between UNCEF and NCDDDS on the establishment, financing and management of water resilient fund in Cambodia signed in April 2020 	<ul style="list-style-type: none"> Ongoing Basak commune, Rukkari district of BAT selected and concluded as a new target area for piloting the project on safe and resilient water supply system BAT has also established a working group chaired by a provincial deputy governor to support the project 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Feasibility study reports of NCDDDS Signed agreement between UNCDF and NCDDDS Field reports and minutes of the meeting of NCDDDS Meeting minutes of BAT

Level	Results and Activities	Indicators	Targets 2020	Progress 2020 by Quarter				Sources of Information
				Q1	Q2	Q3	Q4	
					<ul style="list-style-type: none"> Formats of agreements between NCDDDS and BAT and between BAT and Sangkae District drafted and shared for comment and input 			
Output	4. Project Management	<ul style="list-style-type: none"> 4 contract staff employed to advise and support the project: A project management consultant An ESS advisor A finance officer and A district water management advisor Operation support provided to the project 	<ul style="list-style-type: none"> Project management consultant and finance officer extended in 2020 An ESS advisor recruited and employed in Q2, 2020 District water management advisor recruited and employed in Q3 	<ul style="list-style-type: none"> Contract of the Project Management Consultant and Finance Officer extended TORs of the ESS Advisor and District Water Management Advisor drafted Operation support to the project from Jan-Mar 2020 	<ul style="list-style-type: none"> Project Management Consultant and Finance Officer function to support the project An ESS advisor recruited and employed Operation support to the project from Apr-Jun 2020 	<ul style="list-style-type: none"> Ongoing Project Management Consultant and Finance Officer function to support the project An ESS advisor recruited and employed Operation support to the project from Apr-Jun 2020 	<ul style="list-style-type: none"> Signed contracts of NCDDDS staff 	

4. SUMMARY FINANCIAL REPORT

The total budget for 2020 Workplan, according to amendment no.1 made on May 2020, is USD 301,527.72 in which USD 150,000 or 50% of the total budget is allocated for investment on safe and resilience water pilot project in BAT.

The total project expenditure as of this quarter is USD 67,210.61. Mainly, the expenditures covered the activities related to closing of LGCC BP and project management and operation including staff salaries and field visits conducted by NCDD and provincial teams.

It should be noticed the expenditure rate is relatively low at 22.29% because it is calculated in comparison to the investment budget of output 3 which the implementation has been delayed and postponed due to change of target commune and COVID-19.

Detailed expenditures of the project by quarter and activity are described in the Q3 financial report.

Table 2: Summary of Project Expenditure as of 30 September 2020

Output	2020 Budget	Total Exp.	% Exp.	Balance
Output 1: Closing LGCC Bridging Phase	12,577.00	12,309.66	97.87%	267.34
Output 2: Finance mobilized and system	4,495.00	4,317.17	96.04%	177.83
Output 3: Innovative Decentralized Water	175,750.00	0	0.00%	175,750.00
Output 4: Project Management	108,705.72	50,583.78	46.53%	58,121.94
TOTAL	301,527.72	67,210.61	22.29%	234,317.11

5. KEY CHALLENGES AND ACTIONS TO BE TAKEN

The implementation of the project during this third quarter has encountered the global problem of COVID-19 pandemic and problem related to management responsibilities of the water supply system which has delayed the implementation of project activities. For example, NCDSS team has conducted repeated field visits and meetings with target SNAs in order to meet and discuss with the province, district, commune and local investor on the management of the water supply system.

Additionally, development of Information Disclosure Policy, Manual on Grievance Redress Mechanism and Project Management Manual has been slower than expected. These documents are still in draft.

6. CONCLUSION

Despite challenges as mentioned in section 5 above, all 6 project activities have been implemented and achieved acceptable results in particular the new target commune of Basak of Rukhkiri district and a local investor have been selected and concluded for piloting the safe and resilient water system, LGCC BP closing report completed and signed, PWC contracted and started the audit on the Implementation Plan and the Roadmap from 1st September-30 November 2020, and LGCC3 Concept Note submitted to GCF.

7. WORKPLAN FOR FOURTH QUARTER

Priority activities from October-December 2020 to ensure completion of the project are described in the table below:

Table 3: Priority Activities for Q4, 2020

No.	Priority Activity	Target date	Responsibility
1.	Develop and finalize TOR and technical design for building the water supply system	Oct-Nov	NCDDS
2.	Develop a contract format between the district and local investor on the implementation and management of the safe and resilient water system	Oct-Nov	NCDDS
3.	Coordinate and facilitate the PWC in conducting the external audit on the Implementation Plan and Roadmap	Sept-Nov	NCDDS
4.	Select a consultant to support NCDDS in developing the Entity Work Programme	Oct-Nov	NCDDS and UNDP
5.	Finalise and submit the Readiness Proposal to GCF	October	NCDDS and MoE
6.	Review and finalise the Information Disclosure Policy and Grievance Procedure and Mechanism	Oct-Nov	NCDDS
7.	Review and finalise the Project Management Manual	Oct-Nov	NCDDS

Date October 02nd, 2020

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Date: October 2nd, 2020