

Top-up grant mechanism for strengthening community resilience to climate-induced disasters in the Dili to Ainaro Road Development Corridor (DARDC)

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About UNDP DARDC Project:

The project aims to protect critical economic infrastructure for sustaining human development from climate induced natural hazards (flooding, landslides, wind damage, fire). This objective is expected to be achieved through policy reviews, and strengthening risk reduction in local DRM institutions and investments within the target road development corridor.

Outcome 2: Subnational DRM institutions able to assess, plan, budget and deliver investments in climate change related disaster prevention, linked to critical economic infrastructure and assets in the Dili to Ainaro development corridor.

The top-up grant mechanism is one of the key strategies to build resilient community infrastructures and assets. The Ministry of State Administration (MSA) with support from UNDP DARDC Project is the lead implementer of the mechanism.

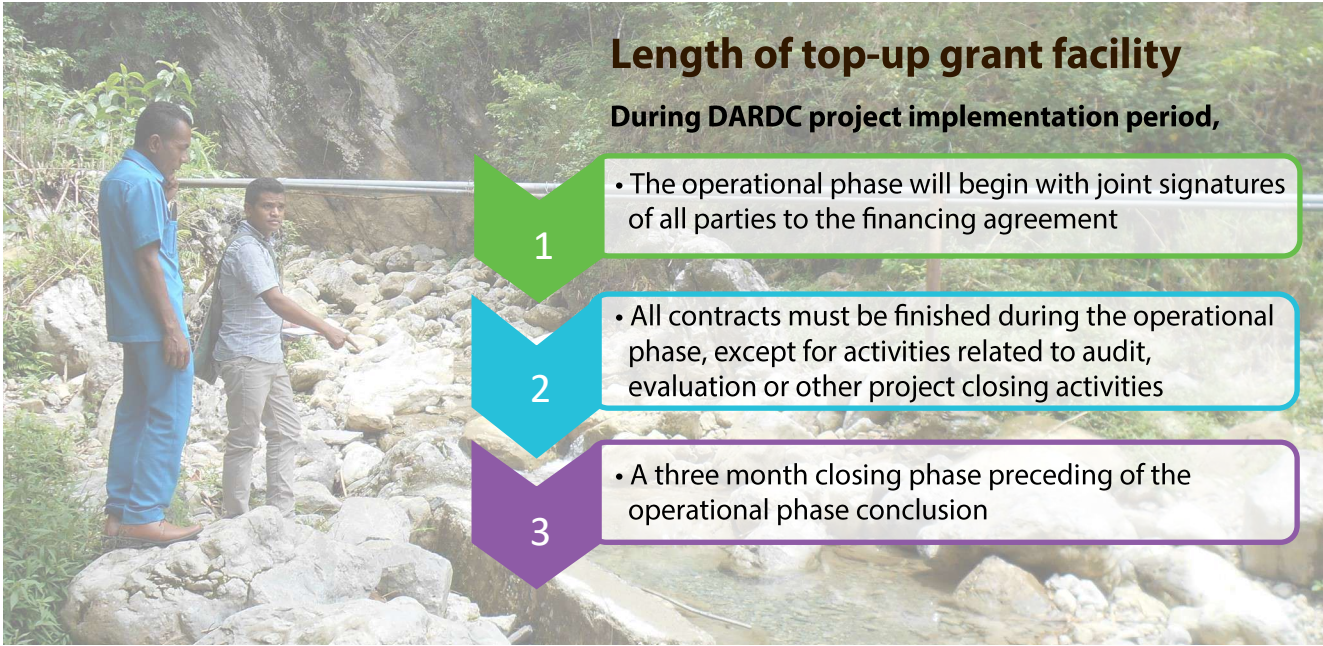


Top-up grant objective:

"To provide capabilities and tools to reduce or avoid disaster risks as well as enhance climate adaptation of beneficiary communities from 49 villages through public investment services and projects along the target road development corridor"

Main activities:

- Structural and non-structural measures to directly correct, improve, protect or strengthen an infrastructure investment project
- Actions and measures to management-based adaptation and vulnerability reduction of social services
- Capacity building on disaster risk reduction, disaster risk management and adaptation to climate change at community and local government level
- Community-based adaptation and local development-based risk reduction
- Disaster risk management
- Ecosystem-based adaptation and environmental vulnerability reduction
- Disaster risk reduction in investment projects
- Coordination, monitoring, supervision, technical assistance, assessment and public meetings

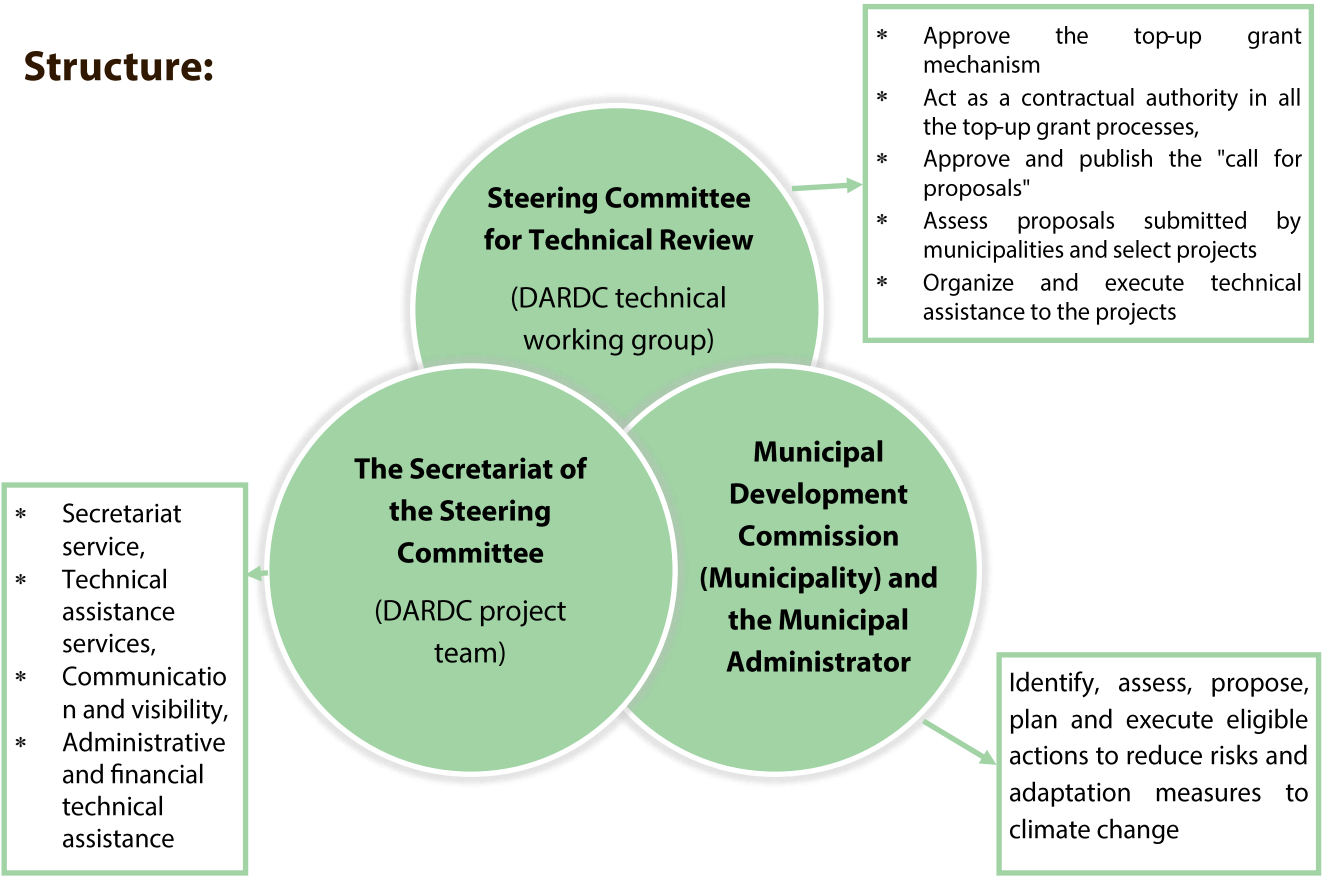


Length of top-up grant facility

During DARDC project implementation period,

- 1 • The operational phase will begin with joint signatures of all parties to the financing agreement
- 2 • All contracts must be finished during the operational phase, except for activities related to audit, evaluation or other project closing activities
- 3 • A three month closing phase preceding of the operational phase conclusion

Structure:



Operational guidelines:

Step 1 Top-up grants preparation

- (i) Analyze the PDIM document and the submitted proposals for top up grant funding, in order to identify the most suitable actions and measures to reduce disaster risks and adapt to climate change
- (ii) Publish and send to Municipalities the "Call for Proposal"



Step 2 Application process

- (i) Issue the Call for Proposals and provide Technical Assistance
- (ii) Carry out clarification meetings with beneficiary Municipalities and Sucos
- (iii) Receive application forms, proceed to assess the submitted proposals and award grants to those that fulfil required standards
- (iv) Proceed with official letter to communicate to Municipalities the grant award



Step 3 Preparedness to implement the approved action

- (i) The Steering Committee will send Municipalities the award of the grant and the Grant Contract
- (ii) And will verify that Municipalities have fulfilled the initial conditions, by assessing the relevant report
- (iii) Once the initial conditions have been met, the Steering Committee will transfer the first instalment (fixed tranche) to the bank account of the Municipality



Step 4 Execute Top-Up Grant actions

- (i) The implementation process will be monitored in terms of financial delivery, by the goals or milestones achieved, by the advance towards the indicators and expected outputs
- (ii) The disbursement will be in the same proportion that percentage of goals/milestones is fulfilled in planned time
- (iii) The beneficiary Municipality will prepare and submit to the Steering Committee the regular reports
- (iv) The Steering Committee will assess the reports
- (v) The beneficiary Municipality will give all necessary support to the Steering Committee and verification missions
- (vi) While the actions are in execution, technical assistance will be provided to help Municipalities



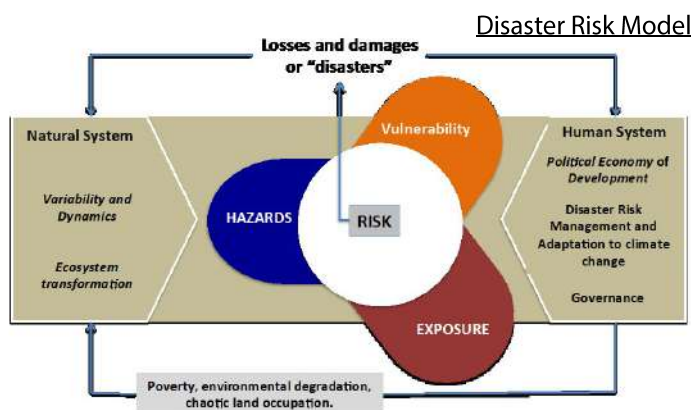
Step 5 Closure activities

- (i) The closure phase starts 3 months before ending the Grant Contract and all technical operation must finish before the closure phase
- (ii) The beneficiary Municipality will execute the closure phase
- (iii) Technical assistance will be provided to support all closure activities
- (iv) The beneficiary Municipality will send the final reports
- (v) The Steering Committee will assess the final reports



5 priorities in selecting proposals:

- 1. Community-based adaptation and local development-based risk reduction**
Promote adaptive capacity of communities and community development-based risk reduction with strong social participation
- 2. Ecosystem-based adaptation and environmental vulnerability reduction**
Protect of ecosystems and natural resources through green and blue infrastructures
- 3. Disaster risks reduction in investment Project** — Reduce specific sectorial vulnerability and adapting to hazards in investment projects in water, energy and productive sectors
- 4. Management-based adaptation and vulnerability reduction in social services**
Identify vulnerabilities and adaptation needs and take actions in key management areas: commercial, technical, administrative -financial, planning and social participation
- 5. Disaster risk management (DRM)**
Develop DRM capabilities in municipalities, to enable them to lead local development-based risk reduction and adaptation



The Risk of losses and damage or Disaster Risk, results from the interaction of hazards (events and trends) with the vulnerability and exposure of human and natural systems.

Changes in natural system (left) and human system (right), are drivers or boosters of hazards, exposure and vulnerability.



Financial guidelines:

- ◆ The top-up grant will be delivered through the local budget support modality by “call for proposals”
- ◆ The procurement process for goods and services, including audits and assessment of activities, will follow standard Ministry of Finance procedures and regulations.
- ◆ Initial conditions to request for the first disbursement corresponding to a fixed tranche must be reflected in the grant contract and address the following points:
 - a. A municipality administrator signed the Grant Contract.
 - b. A work plan to achieve milestones prepared jointly with all stakeholders and approved by the Municipal Development Commission (CMD).
 - c. Municipality has a bank account exclusively to manage the top-up grant projects.
 - d. Municipality has officially established a project team to support suco-level projects, as well as a coordinator and administrative persons responsible for technical and financial operations.
 - e. Sucos have officially established a community project team that has at least two women.
 - f. Municipality and beneficiary communities have scheduled at least three accountability and monitoring meetings.
- ◆ The contracting authority will allocate in each contract a contingency budget for any delays or to enhance the quality of outputs, perform evaluations, systematization, audits or any other activity related to project closure. The contingency budget can only be used with written authorization from the contracting authority.



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