



LoCAL & ISO 14093: a global standard for financing local adaptation to climate change

ISO 14093 was developed using the methodology and experiences of the United Nations Capital Development Fund (UNCDF) and countries that are implementing the Local Climate Adaptive Living Facility (LoCAL).

Climate change is a local challenge, but its effects are not experienced equally. Developing countries, and especially least-developed countries (LDCs), are among the most exposed to environmental hazards and have a harder time addressing the impacts of climate change. Adaptation largely falls within the mandate of local authorities who are uniquely positioned to identify adaptation responses that best meet their local needs. Yet they frequently lack the financial resources to undertake the investment required for building climate resilience.

ISO 14093, *Mechanism for financing local adaptation to climate change – Performance-based climate resilience grants – Requirements and guidelines*, supports countries in piloting and establishing performance-based grant systems to channel climate finance and improve local response to climate change. Based on the LoCAL Facility, ISO 14093 offers an internationally recognized country-based mechanism to increase local government access to climate change adaptation finance. This contributes, through the subnational level, to the achievement of the Paris Agreement and the United Nations Sustainable Development Goals.

Who is the standard for?

ISO 14093 is aimed at organizations involved in implementing a country-based mechanism for channelling climate finance to local government. These may include national and subnational authorities, donors, companies, financial institutions and international organizations.

Why do we need a standard?

Local government authorities in LDCs and other developing countries:

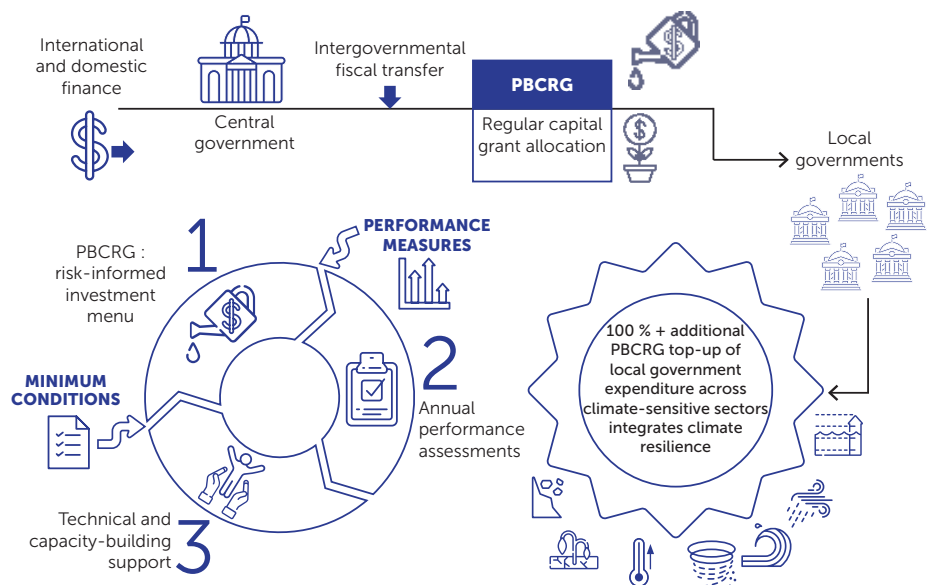
- Are in a unique position to identify the responses that best **meet their local needs**
- Typically have the **mandate** to undertake small to medium-sized interventions and investments required for building climate resilience
- Experience a **funding gap** (regular transfers, additional costs, centralized climate financing, etc.)
- Face a **capacity gap** (data, risk-informed planning)

ISO 14093 helps subnational governments and their communities to:

- **Access and effectively use** climate finance at the local level
- Promote the **integration** of climate change adaptation in **local government planning and budgeting systems** in a participatory and gender-sensitive manner
- Use **innovative PBCRGs** to guarantee programming and verification of local adaptation expenditures

What is the LoCAL mechanism?

LoCAL combines performance-based climate resilience grants (PBCRGs) – to programme and verify climate change expenditures at the local level while offering strong incentives for improvements in enhanced resilience – with technical and capacity-building support. PBCRGs provide a top-up to cover the additional costs of making local investments climate resilient; these are channelled through existing government fiscal transfer systems, strengthening existing capacity. The grants include minimum conditions, performance measures and a menu of eligible investments. LoCAL's flexible design means it can be tailored to countries' specific circumstances while increasing climate awareness at the local level.



As of 2022, LoCAL has been tested in 18 countries and mobilized over US\$ 125 million, mostly in the form of grants, to more than 300 subnational authorities, reaching over 12.5 million people.



How can UNCDF help implement ISO 14093?

The LoCAL methodology, which forms the basis of ISO 14093, builds on over two decades of UNCDF experience in fiscal decentralization, local public financial management, and local investments and procurement around the world. This puts the UNCDF in a unique position to help countries implement the new ISO standard and offer the capacity-building support they need.

The UNCDF is also working with a number of financing agencies to get ISO 14093 recognized and adopted as a tool to help countries access much needed funds for locally led climate adaptation. The organization is also developing a verification system based on ISO 14093 that will help guide and support the new standard's implementation.