

# accelerating climate action through locally led adaptation

LoCAL annual report 2021





LoCAL annual report **2021**  
**accelerating**  
**climate action** through  
**locally led adaptation**

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*Photos:* Cover – Women fetching drinking water in flooded area, Bangladesh (© UNCDF LoGIC 2022); p. viii – Cash-for-work beneficiaries, Dankuku, The Gambia (© JSF Programme team); p. 8 – Woman shows rainwater collection system used in her home in Rukh Kiri District, Basic Commune, Cambodia (Cédric Jancloes © UNCDF-LoCAL); p. 36 – Community sensitization mission in Ghana (Rodney Quarcoo, © UNCDF-LoCAL); p. 43 – Planning workshop in Upper Kingdom, Bhutan (Cédric Jancloes © UNCDF-LoCAL)

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# preface

Local government authorities in the least developed countries (LDCs) and other vulnerable countries, particularly small island developing states (SIDS) and African nations, are in a unique position to identify climate change adaptation responses that best meet local needs. Moreover, they typically are mandated to undertake the small to medium-sized adaptation investments needed to build climate resilience. Yet they frequently lack the resources to do so – particularly in a way aligned with established local decision-making processes and planning and budgeting cycles.

Building on its experience in working with local governments, the United Nations Capital Development Fund (UNCDF) designed the Local Climate Adaptive Living Facility (LoCAL) in 2011. LoCAL promotes climate change–resilient communities and local economies by providing a standard and internationally recognized country-based mechanism to channel climate finance to local government authorities in LDCs and other vulnerable developing countries – thereby contributing, through the subnational level, to country achievement and implementation of the Paris Agreement, particularly nationally determined contributions, national adaptation plans and climate-related Sustainable Development Goals.

LoCAL places local and community adaptation needs at the centre of climate change action and creates intentional linkages and frameworks for planning, financing, implementing and monitoring of nationally determined contributions and national adaptation plans at subnational and community levels (i.e. vertical integration). LoCAL increases awareness and capacities to respond to climate change at the local level, integrates climate change adaptation into local governments' planning and budgeting systems in a participatory and gender-sensitive manner, and increases the amount of finance available to local governments for climate change adaptation.

Since its global scale-up in 2014, LoCAL has been deployed in 17 countries: **Bangladesh, Benin, Bhutan, Burkina Faso, Cambodia, The Gambia, Ghana, Lao PDR, Lesotho, Malawi, Mali, Mozambique, Nepal, Niger, Tanzania, Tuvalu** and **Uganda**. As of December 2021, LoCAL was engaged with 322 local governments in 13 countries,<sup>1</sup> representing a population of over 12.5 million. Another 13 countries have expressed interest in deploying the mechanism – **Côte d'Ivoire, Fiji, Guinea,**

<sup>1</sup> The Lao PDR project officially closed 31 December 2017 with the conclusion of Phase I; partnerships are being explored to initiate a transition to Phase II in Nepal. Malawi and Uganda are finalizing inception of Phase I, including selection of local governments.

**Jamaica, Liberia, São Tomé and Príncipe, Senegal, Solomon Islands, Somalia, Sudan, Tunisia, Vanuatu and Zambia** – bringing the total number of LoCAL countries to 30. Over the same period, LoCAL has mobilized \$124.83 million from partners, own resources and parallel funding from governments; the majority of these funds are disbursed as performance-based grants to local governments.

The LoCAL experience underscores the importance of subnational adaptation and of bridging national and subnational adaptation efforts (vertical integration), while highlighting the contribution of the local level to national climate change goals such as national adaptation plans and nationally determined contributions.

As we enter the third decade of the millennium, the global pandemic has both intensified and crystallized the need to tackle climate

change – especially at the local level. Fresh resolve, firm commitment and increased efforts are essential so developing countries and LDCs can achieve their climate targets and accelerate sustainable development. At this critical time, LoCAL is determined to vigorously pursue its efforts towards institutionalizing a global country-based mechanism for local climate finance and promote climate-resilient development pathways to ensure societies, economies and ecosystems in developing countries, particularly LDCs, thrive.

This 2021 annual report summarizes LoCAL activities and results across Africa, Asia, the Caribbean and the Pacific, and at the global level, drawing on a range of experiences and good practices in LoCAL design and implementation since 2014.

# acronyms

<b>ABM</b>	Adaptation Benefits Mechanism	<b>LoGIC</b>	Local Government Initiative on Climate Change
<b>ACCAF</b>	Assessing Climate Change Adaptation Framework	<b>MMDAs</b>	metropolitan, municipal and district assemblies
<b>ACCF</b>	Africa Climate Change Fund	<b>NAP</b>	national adaptation plan
<b>AfDB</b>	African Development Bank	<b>NDC</b>	nationally determined contribution
<b>ASPIRE</b>	Agriculture Services Programme for Innovation, Resilience and Extension	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>BOAD</b>	West African Development Bank (Banque Ouest Africaine de Développement)	<b>PBCRG</b>	performance-based climate resilience grant
<b>COP26</b>	United Nations Climate Change Conference 2021	<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>EU</b>	European Union	<b>SDG</b>	Sustainable Development Goal
<b>GCCA+</b>	Global Climate Change Alliance Plus	<b>SIDS</b>	small island developing states
<b>GCF</b>	Green Climate Fund	<b>Sida</b>	Swedish International Development Cooperation Agency
<b>IFAD</b>	International Fund for Agricultural Development	<b>SMEs</b>	small and medium enterprises
<b>ISO</b>	International Organization for Standardization	<b>UN</b>	United Nations
<b>LDC</b>	least developed country	<b>UNCDF</b>	United Nations Capital Development Fund
<b>LISA</b>	Local Information System for Adaptation	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>LoCAL</b>	Local Climate Adaptive Living Facility	<b>UNITAR</b>	United Nations Institute for Training and Research



# glossary

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**Intergovernmental fiscal transfer systems:**

Intergovernmental transfers or grants can be broadly classified into two categories: general-purpose (unconditional) and specific-purpose (conditional or earmarked) transfers. General-purpose transfers are provided as general budget support, with no strings attached. These transfers are typically mandated by law, but occasionally they may be of an ad hoc or discretionary nature. Such transfers are intended to preserve local autonomy and enhance interjurisdictional equity. Specific-purpose, or conditional, transfers are intended to provide incentives for governments to undertake specific programmes or activities. These grants may be regular or mandatory in nature or discretionary or ad hoc (World Bank, 2007).

**Menu of eligible adaptation investments:** The set of areas of interventions or measures within local authorities' remit that can promote climate resilience. It is used to inform the planning process and act as safeguard.

**Minimum conditions:** The basic requirements with which local governments have to comply to access the grants. These are formulated to ensure that a minimum absorptive capacity is in place to handle the funds. The entire set of minimum conditions needs to be met before local authorities can access their grants. The minimum conditions are, generally speaking, concerned with good governance and public financial management; their number varies from 3 to 10. They act as on or off triggers and basic safeguards.

**Performance measures:** The set of indicators against which local governments are assessed on an annual basis. They are more qualitative and variable measures of performance and go into more detail within each functional area, such as the quality of the planning, integration of climate change adaptation and execution of the adaptation measures. Overall performance against the set of measures is used to adjust the level of funds made available to local governments the following year as they have complied with the minimum conditions.

**Performance-based climate resilience grants**

**(PBCRGs):** Performance-based grants that provide a financial top-up to cover the additional costs of making investments climate resilient. They complement regular allocations made by the central level to local governments through the intergovernmental fiscal transfer system. Their technical features include a set of minimum conditions, performance measures and a menu of eligible investments.

**Resilience:** The capacity of social, economic and environmental systems to cope with a hazardous event or trend or disturbance, responding or re-organizing in ways that maintain their essential function, identity and structure, while also maintaining the capacity for adaptation, learning and transformation (IPCC, 2014a).



# section 1





# about LoCAL



Climate change is a global challenge, but its effects are not experienced equally. Developing

countries – especially least developed countries (LDCs), small island developing states (SIDS) and African nations – and their populations are among those most exposed to climate change. A large proportion of developing countries and LDCs are located in geographical areas where climate change can have drastic impacts on people's living conditions. Specifically, the largely rural character of many of these countries means that the impact of climate change can have extremely severe repercussions on the natural resource base on which livelihoods rely. The **capacity of developing countries and LDCs for adaptation and resilience is hampered by poverty, a lack of infrastructure and basic services**, and inadequate resources and capacities to deal with the worst effects of climate change.

While much attention is given to international climate negotiations and actions in which central governments participate, the impacts of climate change are most dramatically observed and experienced at the local level. And **local governments are uniquely positioned to understand and address climate change-related issues** at the local level, responding to the needs of vulnerable communities and groups across their territories. Local

governments are in fact often ultimately responsible for a variety of sectors and areas that are climate sensitive and of extreme importance to the success of adaptation measures – including land use, water management, natural resource management and infrastructure.

Parties to the United Nations Framework Convention on Climate Change (UNFCCC) recognize – as spelled out in the [Paris Agreement](#) – the local and subnational dimensions of adaptation in protecting people, livelihoods and ecosystems in response to climate change (Article 7); the need to foster country ownership in climate action response capacity building, including at the subnational and local levels (Article 11); and the importance of taking into account the urgent needs of developing country parties that are particularly vulnerable to climate change (Article 7). The [Glasgow Climate Pact](#) adopted at the 2021 United Nations Climate Change Conference (COP26) reiterated the urgency of scaling up action and support – including finance, capacity building and technology transfer – to enhance adaptive capacity; strengthen resilience and reduce vulnerability to climate change; and further integrate adaptation into local, national and regional planning. The pact emphasized the importance of **adequate and predictable funding** in scaling up provisions for financing adaptation action.

According to the [most recent UNFCCC assessment](#) (2020), average annual global climate finance flows increased 16 per cent over the previous biennial to \$75.5 billion, with flows to LDCs and SIDS accounting for less than a quarter of total flows. But **adaptation finance** – which accounts for only about 20–25 per cent of committed concessional finance – has shown little growth in recent years and is in fact increasing at a lower rate than adaptation costs. Because climate change is accelerating, this means **the adaptation finance gap is widening**. Annual adaptation costs in developing countries are currently estimated to be in the range of \$70 billion, and are expected to reach \$140–\$300 billion in 2030 and \$280–\$500 billion in 2050.

Meanwhile, the [United Nations Environment Programme's 2020 Annual Gap Report](#) finds that the **effectiveness of adaptation planning** against criteria for integration across sectors (horizontal) and governance levels (vertical) is mixed: specifically, there is fairly high horizontal but rather low vertical integration.

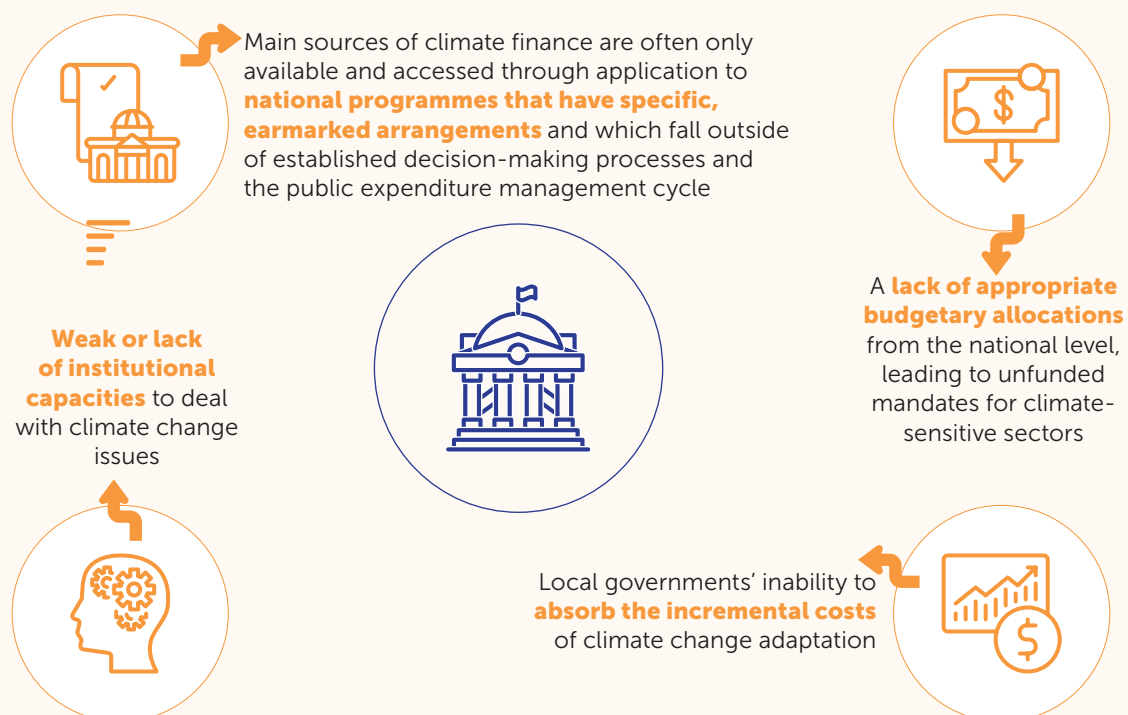
The result is that **local governments in developing countries, particularly LDCs, are not contributing significantly** to climate change adaptation and resilience building, as summarized in figure 1.1.

## LoCAL purpose

The **Local Climate Adaptive Living Facility (LoCAL)** was designed by the United Nations Capital Development Fund (UNCDF) in 2011 to promote climate change–resilient communities and local economies by establishing a standard, internationally recognized country-based mechanism to channel climate finance to local government authorities in developing countries, particularly the LDCs. LoCAL:

- Increases local-level climate change **awareness** and capacities
- Integrates climate change adaptation into local government **planning and budgeting**

Figure 1.1: **Obstacles to local government contributions to adaptation**





in a participatory and gender-sensitive manner

- Increases the **financing** available for locally led adaptation through local governments

To this end, LoCAL provides **performance-based climate resilience grants (PBCRGs)** aimed to cover the additional costs of adaptation and making local development climate resilient. In addition to its financial component, LoCAL provides **capacity building** and **technical assistance** to local governments to help them better assess climate risks and vulnerabilities and integrate climate change adaptation into their planning and budgeting processes – thus improving preparedness for, awareness of and resilience to climate change.

LoCAL is aligned with national climate change and decentralization strategies, nationally determined contributions (NDCs) and national adaptation plans (NAPs), thus bringing the Paris Agreement and achievement of climate-related Sustainable Development Goals (SDGs) to the local and community levels.

## LoCAL mechanism

LoCAL operates primarily in LDCs, working with local governments at the lowest or second-lowest tier and with urban settlements of under 600,000 people. In this way, it **engages with those authorities closest to local communities and vulnerable groups**.

LoCAL has innovated a system of **PBCRGs** to channel climate finance and improve responses to climate change at the local level. These grants include a performance element that simultaneously:

- Incentivizes local governments to integrate adaptation and implement targeted measures in a participatory and gender-sensitive manner
- Ensures traceability and increases transparency and accountability by enabling

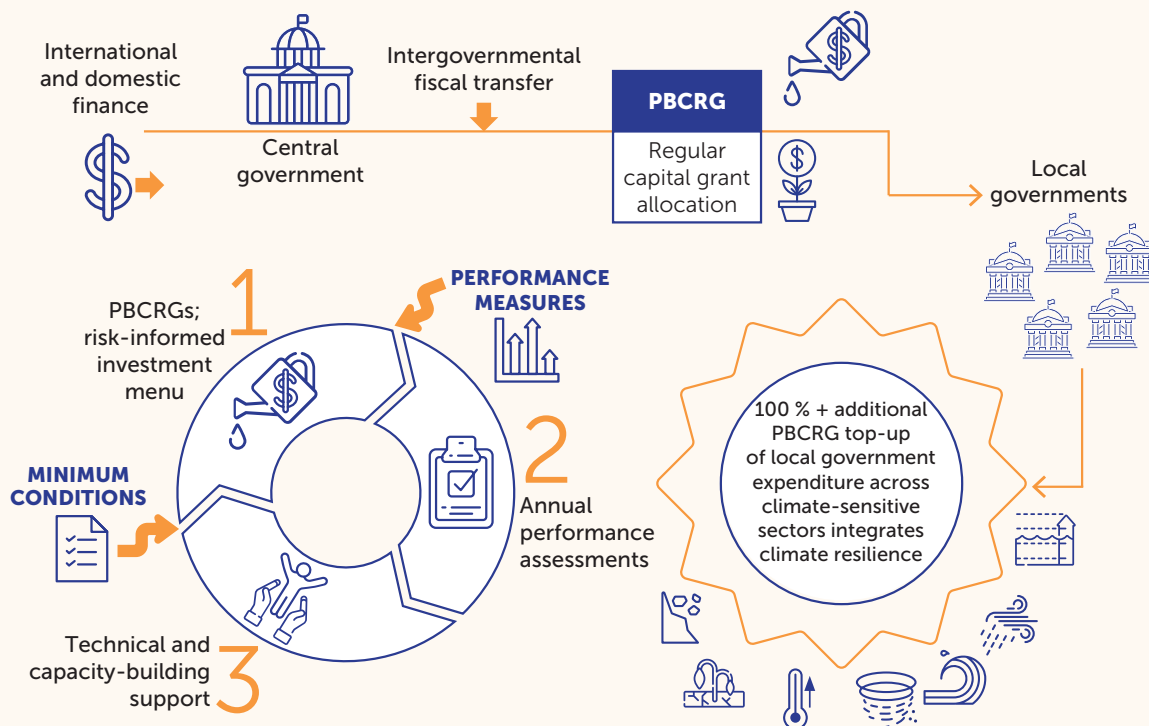
verification of climate change expenditures at the local level

By thus fostering capacity and trust, the LoCAL PBCRGs improve local governments' abilities to access and effectively use various sources of climate funding.

As shown in figure 1.2, PBCRGs are channelled through **existing fiscal transfer mechanisms** in the countries where LoCAL is involved, thereby strengthening national appropriation and accountability. By being disbursed as part of a local government's regular budget envelope, PBCRGs can finance the adaptation element of larger interventions, allowing for holistic responses to climate change and/or for climate-specific measures. In general, the grants are a 10–20 per cent 'top up' of regular capital grant allocations, although the percentage can vary greatly depending on the level of regular capital grant allocations.

To ensure accountability and relevance, PBCRGs include minimum conditions, performance measures and a menu of eligible investments aligned with NAPs and NDCs. For local governments to be eligible for and to access the grants, they must meet and remain in compliance with a set of **minimum conditions** which ensure that a certain level of capacity is in place to handle the funds and that they are adequately used year to year. **Performance measures** are applied through an annual assessment to incentivize local governments to meet climate change adaptation objectives. The measures selected are informed by local climate risk assessments and a **menu of eligible investments** (itself informed by national climate risk assessments). The performance measures are used to adjust the level of funding made available to the local government year to year as well as inform the technical and capacity-building support needed. Where local governments are found not to have met the minimum conditions, actions are undertaken to help address the identified gaps and lags.

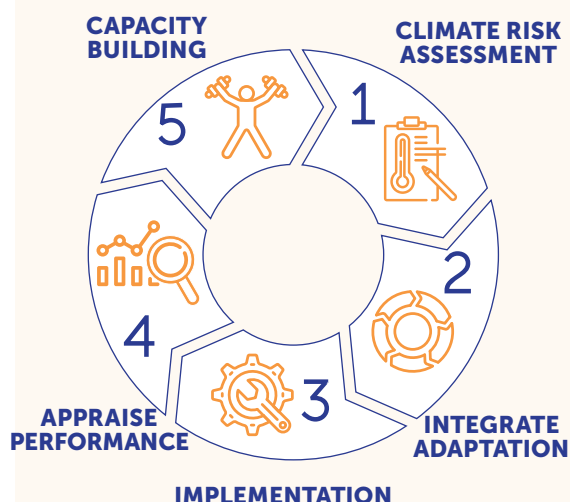
Figure 1.2: **How LoCAL PBCRGs work**



As illustrated in figure 1.3, which summarizes the major operational components of the LoCAL mechanism on the ground, putting all the LoCAL components in place typically involves:

- Undertaking local climate risk assessments to inform adaptation planning and mainstreaming (Step 1 in figure 1.3)
- Integrating adaptation in a participatory and gender-sensitive manner in their local development planning and budgeting processes (Step 2)
- Disbursing grants in the context of local governments' annual planning and budgeting cycles (see figure 1.2)
- Developing, selecting and implementing adaptation measures (Step 3)
- Appraising performance to determine how additional resources have been used and conducting audits as part of a regular national process; these performance results inform the next year's PBCRG allocations and capacity-building support (Step 4)
- Providing capacity-building and technical support activities to identified needs at the policy, institutional and individual levels (Step 5)

Figure 1.3: **LoCAL cycle**



## LoCAL in action

The LoCAL mechanism is implemented by deploying an instrument for the programming and verification of climate change expenditure at the local level and using the demonstration of its effect to trigger further flows for local adaptation, including national fiscal transfers and access to global climate finance for locally led adaptation (through their national governments).

In 2014, LoCAL expanded across Asia and was launched in Africa, becoming a global mechanism in the process. As of December 2021, LoCAL had been deployed in 17 countries across two continents; it currently works with **322 local governments in 13 countries**, accounting for a combined **population of over 12.5 million**.

The mechanism operates in three distinct phases plus a design phase (figure 1.4), each associated with specific criteria to determine its degree of maturity in the respective country (figure 1.5).

- **Phase I: Piloting** consists of initial testing in two to four local governments. Phase I countries as of December 2021 are **Burkina Faso, Lao PDR, Lesotho, Malawi, Nepal, Tanzania** and **Uganda**.<sup>1</sup> **Mali** and **Tuvalu** are ready for Phase II.
- **Phase II: Consolidating** takes place in at least 5–10 local governments in a country. It involves collecting lessons and demonstrating the mechanism's effectiveness at a larger scale. In 2021, **The Gambia** transitioned into Phase II, joining **Bangladesh, Benin, Ghana, Mozambique** and **Niger**.
- **Phase III: Scaling-up** is national roll-out of LoCAL based on the results of the previous phases and lessons learned. LoCAL is

gradually extended to an increasing number of local governments, with domestic or international climate finance, and becomes the national system for channelling adaptation finance to the local level. **Bhutan** and **Cambodia** are in Phase III.

A **design phase** precedes these three implementation phases and is aimed at assessing the necessary conditions for deployment of the LoCAL mechanism in the prospective country by:

- Engaging key stakeholders, including national and subnational government institutions, and development partners
- Collecting and analysing the information/data needed for design of LoCAL Phase I
- Defining the elements of design of the LoCAL mechanism (e.g. flow of funds, grant allocation formula, minimum conditions, performance measures, menu of eligible investments)

**Côte d'Ivoire, Fiji, Guinea, Jamaica, Liberia, São Tomé and Príncipe, Senegal, Solomon Islands, Somalia, Sudan, Tunisia, Vanuatu** and **Zambia** are in the scoping/design phase and are expected to begin Phase I in 2022/2023 as resources are mobilized. Somalia and Zambia were the latest countries to officially express interest in deploying LoCAL in 2021.

## LoCAL Results and Resource Framework

At the conclusion of its first period of global expansion (2014–2018), a streamlined Results and Resource Framework was put in place to guide LoCAL operations. The key components of this framework are illustrated in figure 1.6 and described below.

- **LoCAL impact.** Promote climate change–resilient communities and local economies by increasing investments in climate change adaptation at the local level in

<sup>1</sup> Following earlier preparatory work, design work is ongoing in Lao PDR and Nepal to transition to Phase II.

Figure 1.4: LoCAL phases





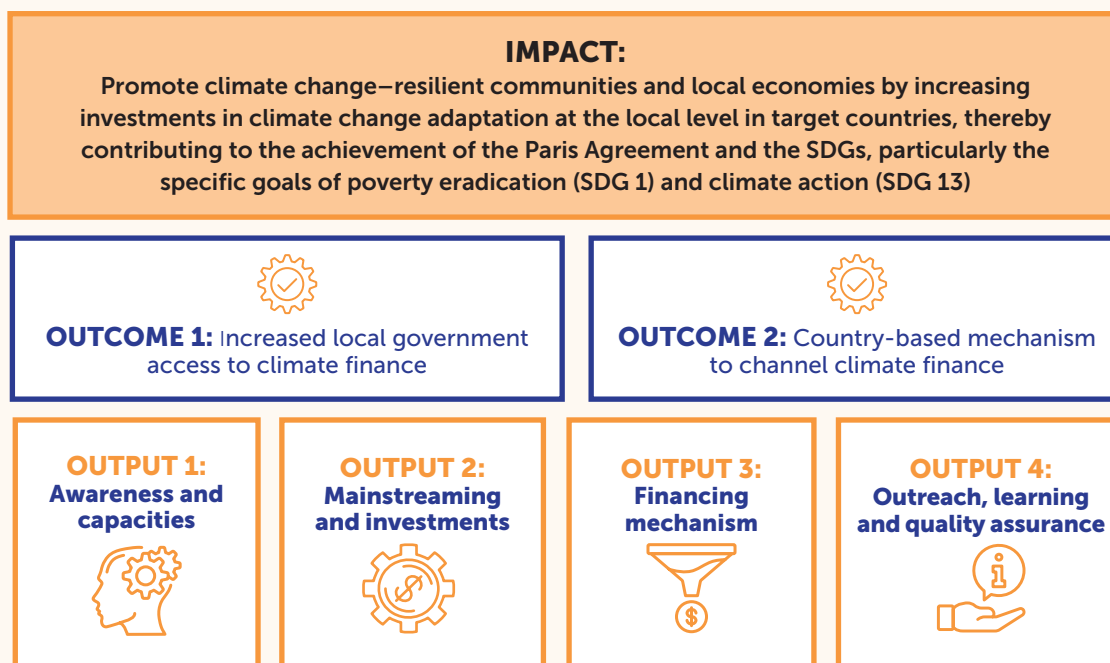
<b>DESIGN PHASE</b> 	<ul style="list-style-type: none"> <li>• Collect and validate information/data needed for design of Phase I</li> <li>• Assess necessary conditions for deployment of LoCAL mechanism</li> <li>• Define the PBCRG system</li> <li>• Engage key stakeholders</li> <li>• Form financial and technical partnerships</li> </ul>
<b>PHASE I PILOTING</b> 	<ul style="list-style-type: none"> <li>• Introduce PBCRG system</li> <li>• Develop baseline</li> <li>• Test in 2–4 local governments over 1–2 fiscal years</li> <li>• Fine-tune methodology (minimum conditions; performance measures; menu of investments; flow of funds and formula)</li> </ul>
<b>PHASE II CONSOLIDATING</b> 	<ul style="list-style-type: none"> <li>• Expand to at least 5–10 local governments</li> <li>• Expand on financial and technical partnerships</li> <li>• Collect lessons; assess results with technical assistance from LoCAL</li> <li>• Demonstrate effectiveness</li> <li>• Prepare for national roll-out</li> </ul>
<b>PHASE III SCALING-UP</b> 	<ul style="list-style-type: none"> <li>• National roll-out</li> <li>• Gradual expansion to all local governments</li> <li>• Funded with reallocated domestic resources, direct access to international climate financing and other partners</li> <li>• Share experiences and data</li> <li>• Quality assurance and support from LoCAL</li> </ul>

Figure 1.5: LoCAL countries as of end 2021, by phase of engagement





Figure 1.6: **LoCAL Results and Resource Framework**



target countries, thereby contributing to the achievement of the Paris Agreement and the SDGs, particularly the specific goals of poverty eradication (SDG 1) and climate action (SDG 13)

- **Outcomes:**

- Increased local government access to (international) climate finance to implement climate change adaptation investments in target countries
- Establishment of a standard and internationally recognized country-based mechanism to channel climate finance and increase local resilience through PBCRGs

- **Output 1: Awareness and capacities.**

Awareness and capacities to respond to climate change adaptation at the local level are increased.

- **Output 2: Mainstreaming and investments.**

Climate change adaptation is mainstreamed into government planning and budgeting systems, and investments are implemented in line with the PBCRG mechanism.

- **Output 3: Financing mechanism.** The PBCRG system is effectively and sustainably established in participating countries and leads to an increased amount of climate change adaptation finance available to the local government and local economy.

- **Output 4: Outreach, learning and quality assurance.** The effective role of local authorities and of the PBCRGs in addressing climate change is increasingly recognized at the international level through outreach, learning and quality assurance.

The next section of this report presents highlights of LoCAL achievements and progress made in 2020.

## section 2



# 2021 achievements

Since commencement of its second phase of global expansion in 2019, LoCAL has successfully moved forward with a series of actions at the global level and across its 30 countries aimed at realizing the vision set by its Board members for LoCAL to

become a standard and recognized country-based mechanism for developing countries in particular the LDCs, that supports direct access to the Green Climate Fund and other climate finance entities and mechanisms to transfer resources to local governments through national systems for building verifiable climate change adaptation and resilience.

This section details LoCAL accomplishments by output and indicator (figure 2.1). [Table 2.5](#), at the end of this section, presents an at-a-glance status of progress to December 2021 against targets. The most notable of the year's achievements follow.

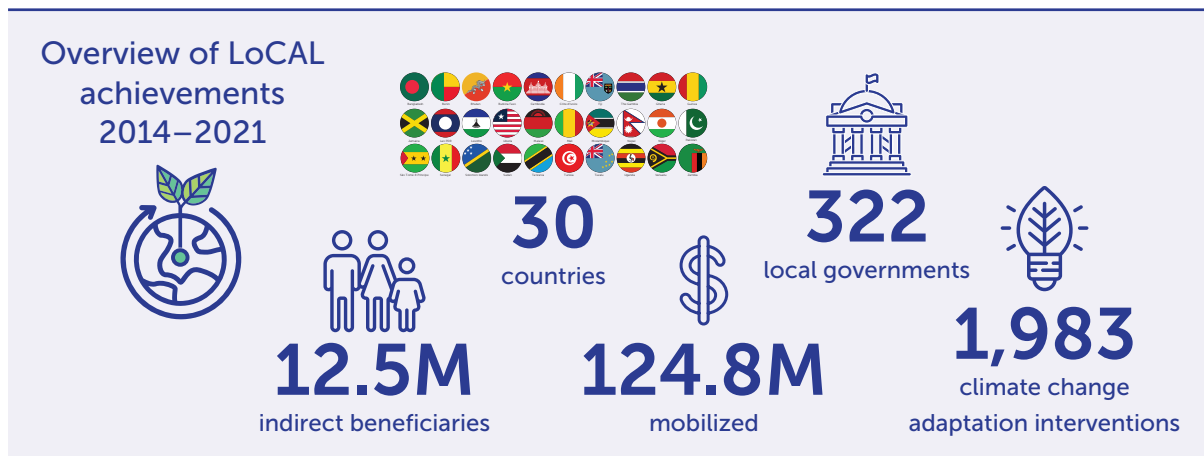
- As of December 2021, **LoCAL was deployed in 17 countries** across Africa, Asia and the Pacific: **Bangladesh, Benin, Bhutan, Burkina Faso, Cambodia, The Gambia, Ghana, Lao PDR, Lesotho, Malawi, Mali, Mozambique, Nepal, Niger, Tanzania, Tuvalu and Uganda**. Another 13 countries – **Côte d'Ivoire, Fiji, Guinea, Jamaica, Liberia, São Tomé and Príncipe, Senegal, Solomon Islands, Somalia, Sudan,**
- **Tunisia, Vanuatu and Zambia** – submitted official requests to deploy LoCAL and/or are undergoing scoping and/or design exercises, which will inform resource mobilization and launch of Phase I. Somalia and Zambia were the latest countries to officially express interest in deploying LoCAL in 2021.
- LoCAL has **engaged with 322 local governments in 14 countries**, reaching an indirect beneficiary population of over 12.5 million. Compared to 2020, 18 new local governments are benefiting from LoCAL assistance in three countries: **The Gambia and Mozambique**, which are progressively expanding their outreach as they scale up through Phase II; and **Burkina Faso**, which started its pilot at the end of 2021. This represents a 6 per cent increase over 2020 and an 11-fold increase over 2014, when LoCAL was active in just 29 local governments in seven countries.
- In 2021, LoCAL **mobilized \$25.76 million in funding**. During the reporting period, LoCAL delivered \$18.05 million to participating countries and local governments in the form of grants, and capacity-building and operational support at the national and subnational levels. Since its inception, LoCAL has mobilized a total of \$124.83 million, including \$26.37 million (approximately 21 per cent) in parallel funding.



Figure 2.1: LoCAL outputs and indicators







- LoCAL continues to **expand to new countries and increase its global outreach**, especially across Africa. In 2021, **Burkina Faso, Malawi, Tanzania** and **Uganda** committed to launch their pilot phases, and agreements are in place as of December 2021 to channel resources to climate-vulnerable local governments for locally led climate action in 2022. In **Burkina Faso**, three local governments in three regions (Centre-Nord, Centre-Ouest and Nord) have been selected on the basis of their exposure to climate change threats, strong degradation of natural resources and high risk of water stress.
- Countries **scaled up PBCRG uptake**. **The Gambia** and **Mozambique** continued to add new local governments in climate-vulnerable regions/provinces, setting the groundwork for intraregional learning and wider deployment of the LoCAL mechanism across diverse climatic zones. To date, six countries have successfully transitioned to Phase II, with **Mali** and **Tuvalu** preparing to transition to Phase II in 2022 as resources are mobilized.
- Over 2021, **297 climate change adaptation interventions** were financed across six countries – **Bangladesh, Bhutan, The Gambia, Ghana, Mali** and **Mozambique** – using the PBCRGs. This brings the number of climate change adaptation interventions delivered by LoCAL since 2014 to 1,983. Approximately 805,000 direct beneficiaries – including some 431,000 women – benefited from LoCAL investments implemented during the reporting period. The LoCAL portfolio has reached almost 3.8 million direct beneficiaries since 2014.
- Following submissions to and engagement with UNFCCC and its constituted bodies, **LoCAL experience and best practices have been referenced in official documents and platforms**, for instance, as a subnational climate finance tool in the UNFCCC [Adaptation Knowledge Portal](#), as well as in official reports to COP26 such as the UNFCCC Standing Committee on Finance’s 2020 [Biannual Assessment and Overview of Climate Finance Flows](#) (paragraph 304), the 53th Subsidiary Body for Implementation’s [Report of the Stocktaking Meeting of the Least Developed Countries Expert Group](#) and the UNFCCC LDC Expert Group publication [National Adaptation Plans 2020: Progress in the Formulation and Implementation of NAPs](#). In addition, UNCDF was invited to join the UNFCCC-led [UN 4 NAPs](#) initiative, an UN-wide partnership to scale up technical support, initially to LDCs and SIDS, to formulate and implement their NAPs.
- In 2021, high-level representatives and ministers of the environment from countries deploying LoCAL signed a **Ministerial Declaration aimed to provide political guidance and high-level leadership for**

### efforts on locally led adaptation action

in vulnerable countries, particularly LDCs, SIDS and African countries. The declaration sent a strong message to COP26 for increased climate finance for NDC-aligned locally led action. It also resulted in LoCAL's recognition by the LDC Group to UNFCCC as an LDC long-term initiative – which in turn paves the way for further recognition of the mechanism at the Doha Programme of Action for LDCs and the fifth LDC conference (LDC5) and by COP27 as a non-market mechanism under Article 6.8 of the Paris Agreement.

- To help shape the climate finance system in favour of subnational actors and especially local authorities, LoCAL has been **supporting member countries in pursuing accreditation efforts** of national implementing entities dealing with fiscal transfers and support to local governments or actors. Similarly, LoCAL has been developing a Green Climate Fund (GCF) and Adaptation Fund pipeline of proposals (of approximately \$185 million) destined for local adaptation finance to further enable LoCAL expansion in existing and candidate LoCAL countries.
- LoCAL secured a number of **new financial partners** during the reporting period and has continued its efforts to mobilize resources for participating and prospective countries both internationally and in-country. New partners include the African Development Bank (AfDB) through its Africa Climate Change Fund (ACCF).

## LoCAL impact

### Participating countries and beneficiaries

LoCAL's global expansion has been successful overall, exceeding targets in terms of both participating countries and local governments. LoCAL saw the number of participating local

government authorities soar from 29 in 7 countries in 2014 to **322 in 13 countries to date** – a 11-fold increase over five years in the number of local government authorities engaged. As of December 2021, LoCAL had an **indirect beneficiary population reach of over 12.5 million**. Table 2.1 gives the total populations of local governments supported by LoCAL.

During the reporting period, **13 additional countries engaged with LoCAL** to undertake scoping/design exercises. Efforts with the respective governments are ongoing to explore patterns of collaboration and financing opportunities. These countries are **Côte d'Ivoire, Fiji, Guinea, Jamaica, Liberia, São Tomé and Príncipe, Senegal, Solomon Islands, Somalia, Sudan, Tunisia, Vanuatu** and **Zambia**. In 2021, Somalia and Zambia became the latest countries to officially express interest in deploying LoCAL, bringing the total number of LoCAL countries to 30.

Table 2.1: **Populations of local governments supported by LoCAL as of December 2021**

Country	Population
Bangladesh	1,864,412
Benin	860,586
Bhutan	206,288
Burkina Faso	296,971
Cambodia	3,598,558
Gambia, The	301,367
Ghana	1,202,573
Lesotho	165,590
Mali	107,541
Mozambique	2,555,101
Niger	514,057
Tanzania	846,281
Tuvalu	1,642
<b>Total</b>	<b>12,520,967</b>

**Note:** Lao PDR and Nepal are not included as they are transitioning to Phase II.

The LoCAL projects in these countries are, as noted in section 1, at different phases of maturity. During the reporting period, LoCAL supported pilots (Phase I) in nine countries, with new pilots launched in **Burkina Faso**, **Malawi** and **Uganda**; consolidation (Phase II) was supported in six countries, and scale-up (Phase III) in two countries.

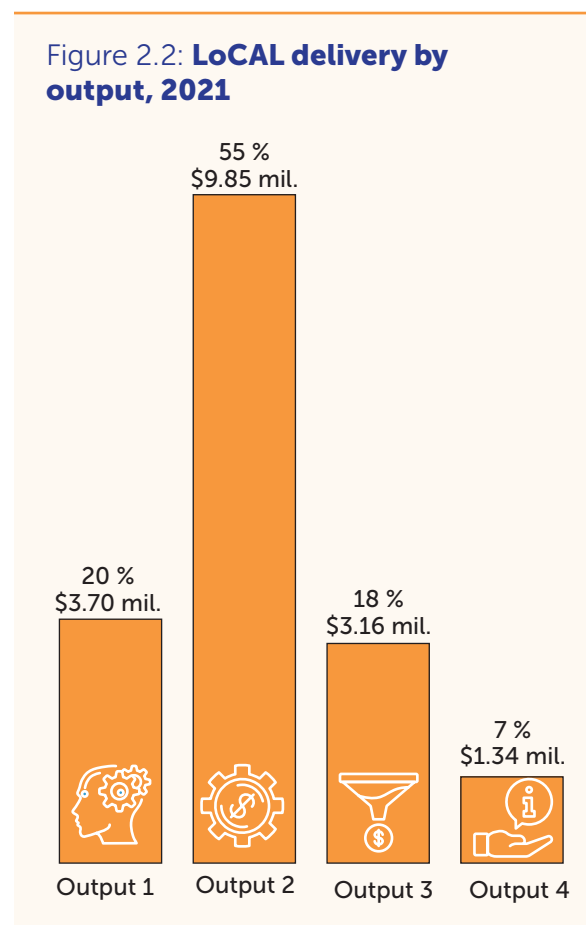
## Resource mobilization and delivery

**LoCAL had mobilized \$124.83 million in direct and parallel funding** as of December 2021.

Parallel funding over the 2014–2021 period stands at \$26.37 million, or 21 per cent. In 2021, LoCAL mobilized \$25.76 million, mostly in direct funding.

In 2021, **LoCAL delivered \$18.05 million to participating countries and local governments** in the form of grants, capacity building and operational support at the national and subnational levels (table 2.2). Cumulative total delivery (2014–2021) was \$60.30 million. Overall, delivery in 2021 stood at 92 per cent (\$18.05 million delivered out of a \$19.69 million planned budget).

In terms of delivery by output (figure 2.2), **55 per cent, or \$9.85 million, was disbursed for Output 2 (mainstreaming and investments)**; this was primarily for local climate change adaptation investments and climate change adaptation mainstreaming into local public plans. Twenty-one per cent, or \$3.70 million, was disbursed for Output 1 (awareness and capacities) as capacity-building support and technical and operational assistance to national and local governments and communities. Output 3 (financing mechanism) received 17 per cent, or \$3.15 million, generally for activities supporting the deployment, institutionalization and consolidation of the PBCRG system in countries, including undertaking annual performance assessments and supporting access to climate finance. Finally, 7 per cent,



or \$1.33 million, was disbursed to Output 4 (outreach, learning and quality assurance).

Table 2.3 and figure 2.3 provide **cumulative totals for LoCAL from all funding sources**.

Over the years, the European Union (EU) has provided support totalling \$45.48 million to global expansion of the LoCAL portfolio and to selected country initiatives through different funding envelopes, including the Global Climate Change Alliance Plus (GCCA+), the EU Trust Fund for Africa, the Development Cooperation Instrument and the European Development Fund. Swedish International Development Cooperation Agency (Sida) support of LoCAL over the years amounts to over \$33.44 million. The next largest funder as of 2021 was the Belgian Cooperation, with total contributions to country programmes in **Mozambique** and **Uganda** of \$14.66 million. The Government of **Cambodia** follows, with \$12.98 million, including a concessional loan from the International Fund for Agricultural Development (IFAD) under the Agriculture

Table 2.2: LoCAL cumulative delivery 2014–2021 (\$)

Country	2014–2020	2021	Total
Bangladesh	7,924,441	3,538,451	11,462,892
Benin	1,020,206	287,762	1,307,968
Bhutan	852,432	284,501	1,136,933
Burkina Faso	27,422	215,614	243,036
Cambodia	3,441,218	461,903	3,903,121
Chad	18,200	0	18,200
Côte d'Ivoire	41,139	1,600	42,739
Fiji	10,398	0	10,398
Gambia, The	4,299,947	2,339,794	6,260,688
Ghana	1,734,565	1,061,600	2,796,165
Guinea	2,456	8,010	10,466
Jamaica	15,700	16,150	31,850
Lao PDR	2,059,406	21,610	2,081,016
Lesotho	187,308	185,882	373,191
Liberia	26,119	0	26,119
Malawi	16,150	148,853	165,003
Mali	1,276,590	268,714	1,545,304
Mozambique	8,139,558	6,094,284	14,233,842
Nepal	411,034	68,465	479,499
Niger	1,692,126	655,035	2,347,161
Pakistan	18,100	9,500	27,600
Palestine	14,450	27,151	14,450
Peru	10,443	10,443	37,593
Rwanda	14,850	0	14,850
São Tomé and Príncipe	19,344	135,908	155,251
Senegal	15,400	49,313	64,713
Solomon Islands	23,939	28,900	52,839
Sudan	0	19,850	19,850
Tanzania	222,453	262,635	485,087
Tunisia	0	13,101	13,101
Tuvalu	735,344	19,125	754,470
Uganda	48,231	94,367	142,598
Vanuatu	4,950	25,700	30,650
West Africa	151,296	14,170	165,465
South Asia	0	16,800	16,800
Pacific	28,808	70,030	98,838
Global Secretariat	5,365,759	833,342	6,199,101
GMS (indirect cost)	2,387,240	1,153,281	3,540,521
<b>Total</b>	<b>42,257,018</b>	<b>18,052,345</b>	<b>60,309,363</b>

**Table 2.3: LoCAL global programme funding sources, 2014–2021 (\$)**

Source	Funding
European Union	45,483,667
EU Bangladesh <sup>1</sup>	8,519,843
EU Bhutan <sup>3</sup>	7,000,000
EU The Gambia <sup>1</sup>	6,400,000
EU Ghana <sup>1</sup>	6,000,000
EU Mozambique <sup>1</sup>	4,908,674
EU GCCA+I <sup>2</sup>	4,904,750
EU GCCA+II	7,750,400
Sida	33,444,743
Sida/Bangladesh <sup>1</sup>	6,172,166
Sida/Booster Fund	6,997,183
Sida/Cambodia <sup>1</sup>	2,288,287
Sida/Last Mile Trust Fund	1,187,107
Sida/Mozambique <sup>1</sup>	13,800,000
Sida/PFIS <sup>1</sup>	3,000,000
Governments' own resources	17,230,968
Bangladesh <sup>3</sup>	2,773,294
Benin <sup>3</sup>	559,497
Cambodia DMK Fund Investment <sup>3</sup>	9,021,184
Cambodia IFAD loan <sup>3</sup>	3,960,993
Mali <sup>3</sup>	916,000
Other donor partners	23,012,249
AfDB (ACCF Benin & Lesotho)	997,524
Belgian Cooperation <sup>1</sup>	14,664,085
Catalan/Mozambique <sup>1</sup>	300,000
Government of Andorra	22,213
Government of Liechtenstein	160,000
Italy JPO Programme (in-kind)	460,000
Italy Ministry of Foreign Affairs	150,000
Korean Ministry of Environment	1,000,000
NDC Partnership	572,080
SDC/Mozambique <sup>1</sup>	4,686,347
United Nations	5,662,888
One UN/Mali	400,000
UNCDF	1,939,550
UNDP–GEF <sup>3</sup>	2,145,000
UNDP Niger	450,000
UNICEF Joint SDG fund (Ghana)	15,000
UNDP Pacific (Fiji)	713,338
<b>Total</b>	<b>124,834,515</b>

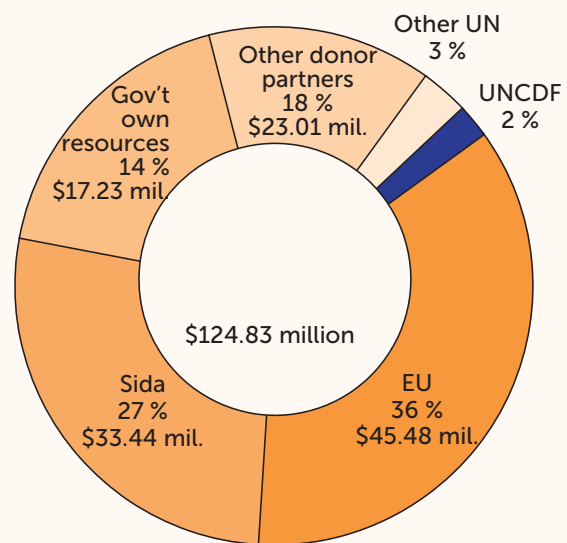
**Note:** DMK = district/municipality/*khan*; GEF = Global Environment Facility; JPO = Junior Professional Officer; PFIS = Partnerships Framework on Inclusive Growth and Sustainable Development; UNDP = United Nations Development Programme.

<sup>1</sup> Direct funding at the country project level under the LoCAL Global Programme document.

<sup>2</sup> Amount of contribution adjusted to match actual income received in U.S. dollars.

<sup>3</sup> Funded through parallel budget.

**Figure 2.3: LoCAL delivery by donor/ source, 2014–2021**



Services Programme for Innovation, Resilience and Extension (ASPIRE); the Swiss Agency for Development and Cooperation (SDC) and Korean Ministry of Environment, with \$4.69 million and \$1.00 million, respectively; various United Nations (UN) entities; contributions from the LoCAL country governments of **Bangladesh**, **Benin** and **Mali**; the Governments of Catalan, Liechtenstein and Andorra; and UNCDF's own resources.

Highlights of resource mobilization in 2021 include the following:

- The Belgian Cooperation extended support to LoCAL of approximately \$5.2 million and \$7.5 million, respectively, in **Mozambique** and **Uganda**. Thanks to this support, Mozambique will expand the LoCAL mechanism in Gaza and Inhambane Provinces, with a specific focus on reaching coastal districts and areas. In Uganda, the PBCRG system will be deployed in up to 10 local governments in Western regions, introducing the LoCAL mechanism in the country.
- AfDB, through ACCF, approved approximately \$1 million to **Benin** and **Lesotho** to support scale-up of the LoCAL

mechanism to help local governments execute climate-resilient development projects using performance-based grants while exploring the potential for private climate finance mobilization. Implementation started in 2021.

- In **Bangladesh**, Sida topped up its initial contribution to the Local Government Initiative on Climate Change (LoGIC) by \$4.11 million for a bridging phase that will continue to enable channelling of finance for subnational adaptation through the PBCRG system while exploring new grant systems for accrued local climate resilience in support of local enterprises and climate-oriented businesses.
- In **Solomon Islands**, LoCAL will support the United Nations Development Programme as a delivery partner to deploy a preparatory grant to be channelled through the national intergovernmental transfer system (the Provincial Capacity Development Fund) to finance climate resilience investments and interventions at the local level.

## Direct access and enhanced direct access to international climate finance

LoCAL supports national partners in unlocking resources that will ensure efforts are sustained through a sequencing of finance. This includes supporting direct access to GCF and the Adaptation Fund, budget support and other sources of finance. **Direct access to international climate finance remains a challenge for developing countries and subnational authorities and institutions**, as funding is primarily distributed to national governments. To shift this paradigm, LoCAL supports member countries in pursuing accreditation of national implementing entities responsible for managing fiscal transfers and/or supporting local governments or actors, while developing a pipeline of proposals for local adaptation finance by GCF or the Adaptation Fund to further enable LoCAL expansion.

- As of December 2021, **three national implementing entities engaged with and/or supported by LoCAL received GCF accreditation**. **Benin's** National Fund for Environment and Climate (FNEC) was the first national implementing entity directly engaged in LoCAL accredited by GCF. Following its accreditation, it submitted a concept note to GCF to expand LoCAL to 25 communes over the next five years; work on the full funding proposal is expected to begin in 2022. **Cambodia's** National Committee for Subnational Democratic Development Secretariat became the first national implementing entity dealing with local governments to receive GCF accreditation. The secretariat will use this accreditation to directly access and channel adaptation finance to local governments using the country's consolidated PBCRG system; a concept note is under review by GCF. It is also working with LoCAL to fast-track accreditation to the **Adaptation Fund** with an eye to expanding direct access options for subnational adaptation finance. The **Bhutan** Trust Fund for Environmental Conservation was accredited in April 2020 with UNCDF support. Shortly thereafter, it reached out to LoCAL for assistance in leveraging GCF direct access to scale up LoCAL. A concept note was prepared and will be submitted in 2022. The **Bhutan National Bank** is also pursuing accreditation to GCF with LoCAL support.
- LoCAL is also supporting the accreditation efforts of national implementing entities in **Mali** (the Local Authorities National Investment Agency, ANICT), **Niger** (the National Agency for Local Authority Funding, ANFICT) and **Tanzania** (President's Office – Regional Administration and Local Government, PO-RALG). All these institutions have long-term relationships with UNCDF and view LoCAL and the PBCRG system as a recognized standard to help them succeed in their accreditation process.



- **Regional efforts** were pursued in West Africa as **Burkina Faso**, **Côte d'Ivoire**, **Mali** and **Niger** continued to work with LoCAL and the West African Development Bank (BOAD). In 2021, an upgraded regional GCF funding proposal was submitted to mobilize climate finance for the deployment and consolidation of the LoCAL PBCRG system in these countries. The proposal is expected to be brought to the GCF Board during 2022. LoCAL is partnering with the Pacific Community to submit a concept note for a multi-country programme benefiting four SIDS – **Fiji**, **Solomon Islands**, **Tuvalu** and **Vanuatu**. The concept note was submitted to the GCF Secretariat in 2021.
- Candidate countries are **exploring how to leverage the GCF Readiness Programme** to deploy LoCAL Phase I and prove the concept in view of a subsequent LoCAL scale-up through GCF direct access or other funding sources. This is the case for **Jamaica**, the first LoCAL Caribbean country, which submitted a readiness proposal in 2021 to undertake LoCAL preparatory work and launch a first pilot to be led by the Climate Change Division of the Ministry of Housing, Urban Renewal, Environment and Climate Change and the Ministry of Local Government and Rural Development. The readiness proposal addresses the subnational dimension of the NAP process by strengthening the capacity of local governments to ensure vertical integration with Jamaica's overarching NAP process and establish climate-resilient communities and local economies, as well as strengthen the link between the Paris Agreement and the Sendai Framework on Disaster Risk Reduction 2015–2030 at the subnational level.

Readiness envelopes in support of LoCAL consolidation and scale-up were also sought in **Niger**, to boost accreditation work with its candidate national implementing entity; and in **Cambodia**, to strengthen capacities and (infra)national architecture for subnational adaptation finance.

- As of 2021, LoCAL is supporting member countries to **directly access GCF funding**, for a pipeline of approximately \$170 million. Most of the proposals are positioned in the Enhanced Direct Access (EDA) window, which seeks to enable regional and national accredited entities to establish country-based mechanisms involving a stronger devolution of decision-making to local actors, including local authorities. A pipeline of approximately \$15 million is being developed for **direct access to the Adaptation Fund**, with **Bhutan** and **Tanzania** laying the groundwork for efforts to be pursued in 2022.

## **Output 1: Awareness and capacities**

### **Sensitization and capacity building for effective local climate governance**

Under LoCAL, national and local governments receive support to increase awareness and build capacities to assess, plan and effectively respond to climate change through appropriate adaptation actions. Capacity-building support – in the form of trainings and institutional strengthening – covers all aspects encompassing effective local decision-making processes for risk-informed planning, budgeting and implementation of adaptation options that respond to locally identified needs. Sensitization of communities on climate change issues and risks encourages participatory approaches to resilience building and reinforces bottom-up responses for locally led adaptation.

In 2021, **2,854 national and local authority officials and community representatives participated in capacity-building activities** on climate change adaptation data usage, planning and budgeting, and investment management with LoCAL support. Of these

participants, 1,169 were women. Highlights include the following:

- In **The Gambia**, the National Audit Office, in collaboration with the Department of Community Development and the Gambia Public Procurement Authority, conducted a training of trainers targeting multidisciplinary facilitation teams and technical advisory committee members across the four regions. The **training aimed to ensure that the use of PBCRGs is in line with financial management and procurement procedures**. A total of 48 participants (38 females and 10 males) were trained. The training was followed by a step-down training targeting 200 members of ward development committees (84 females and 116 males). As follow-up to this training, accounting and procurement-related templates have been developed or simplified for use by ward development committees in executing projects.
- Under the Boosting Green Employment and Enterprise Opportunities in **Ghana** (GrEEn) project, LoCAL organized a training workshop for 10 metropolitan, municipal and district assemblies (MMDAs) focusing on **fully integrating the Assessing Climate Change Adaptation Framework (ACCAF)** within PBCRG deployment and local planning for adaptation processes. The three-day training provided an avenue to review MMDAs' annual investment plans and discuss current and projected climate risks, adaptation aims of proposed interventions and implementation modalities through cash-for-work schemes with district representatives. The workshop was attended by 45 participants (40 males, 5 females) from the Ministry of Local Government, Decentralization and Rural Development, the Ashanti and Western Regional Coordinating Councils and officials of the target districts.
- In **Lesotho**, a **training workshop on climate change mainstreaming, adaptation plans and the LoCAL mechanism** took place in the Maseru's Hoek district with 30 participants from district technical teams, line ministries and non-governmental organizations. The training's objective was to improve participant awareness and capacities on climate change risks and impacts, adaptation and resilience planning. Participants are expected to pass on their knowledge to the community councils and communities to assist them in mainstreaming climate change considerations into their development plans.
- In **Mali**, 200 community representatives were sensitized on and exposed to issues related to **climate change and natural resource-induced intercommunal conflicts** and on locally led measures that could be put in place to prevent them. Workshops were held with the four local governments engaged with LoCAL in the Mopti and Kayes Regions, through collaboration with YAGTU, a local non-governmental organization. More than 70 per cent of the participants in these workshops were women and youth.
- In **Mozambique**, a series of district-level workshops were held in the four provinces of Gaza, Inhambane, Nampule and Niassa on **participatory and gender-sensitive planning** for climate change adaptation. These covered prioritization methodologies for resilience-building interventions, and considerations related to investment management such as procurement and infrastructure operations and maintenance. Workshop participants included district technical teams, consultative councils and civil society organization representatives. Overall, 965 people benefited from capacity-building support.

Efforts to **directly engage local communities and sensitize on climate change and local resilience** were also undertaken. This was mostly done by disseminating key messages through various media and/or involving

communities in sensitization activities in their localities. A few examples from the field follow:

- In **Bangladesh**, 16 episodes on climate change awareness and climate adaptive livelihoods were recorded and broadcast on **community radio programmes** in four districts. Local celebrities, the deputy director of the local government, upazila officials, journalists and youth representatives attended the on-air programmes. The episodes were also re-broadcast.
- In **Ghana**, 36 **community dialogue sessions** were held with residents of six MMDAs in the Ashanti and Western Regions. These dialogues served as one of the most significant modes of engaging with community members to deepen knowledge, acceptance and buy-in on efforts regarding climate change and the green and circular economy. Similarly, LoCAL engaged some target MMDAs in a **tree-planting activity** as part of a nationwide greening initiative spearheaded by the Government of Ghana. Working with traditional leaders and community members, over 2,000 trees were planted.

During the reporting period, LoCAL delivered \$2.23 million in **capacity-building and institutional-strengthening grants**. Cumulative grants for this purpose awarded between 2014 and May 2021 total \$6.27 million.

Despite the key role of capacity-building support (for public financial management, adaptation budgeting and planning, and overall investment cycle management) in helping local governments meet minimum conditions and improve their performance under the PBCRG system, LoCAL witnessed a **decline in performance in 2021**. To date, 186 local authorities (63 per cent of the local governments actively using the PBCRG system) have met the minimum conditions without the need of corrective measures. This setback can be attributed to both **country-**



**specific circumstances** (e.g. **Niger** experienced disruptions in the normal functioning of local authorities in the wake of the recent presidential and legislative elections) and **design features of LoCAL** (e.g. inclusion of new and less experienced local authorities in LoCAL phased scale-up, as in **The Gambia**).

## Delivering climate data and services

Science-based evidence of climate change risks to support risk-informed planning is often lacking at the local level and in LDCs, making access to actionable climate information a challenge. In response, LoCAL has established technical partnerships to design and develop tailor-made, country-based methodologies and systems to support the collection and analysis of climate data for local-level decision-making, while testing options to help national and subnational governments estimate the benefits and costs of potential adaptation options, based on climate scenarios and available projections.

- In **Niger**, with financial support from the NDC Partnership, LoCAL finalized a **climate risk assessment** focusing on climate change impacts on food security, as Niger, with its dependence on agriculture for sustaining local livelihoods, is extremely sensitive to climate change effects on food system productivity. The climate risk assessment used an experimental Food

Insecurity Climate Change Risk Index, which brings together available subnational data sets of key socioeconomic and environmental parameters contributing to and/or deterring food security (exposure and vulnerability) and future downscaled projections of climate change (hazards). Building on the assessment's findings, LoCAL is supporting Niger in undertaking an **integrated cost-benefit analysis of prioritized adaptation options**; this should ultimately support national and subnational stakeholders in closing the loop for risk-informed and effective decision-making in adaptation planning.

- Building on a methodology developed by LoCAL with the Korean Environment Institute which produced the first report of this kind in **Ghana** in 2020, **Mali** and **São Tomé and Príncipe** have also finalized **climate risk assessments** consisting of (i) a climate downscaling of past and future climate projections at a lower resolution than data available from most climate models; and (ii) a risk and vulnerability analysis exploring climate stressors and the vulnerability causality chain, trends and main drivers. **Uganda** launched a similar exercise early in 2021.
- To further equip local governments in accounting for climate change risks and to plan adequate responses while making climate data more accessible, other LoCAL countries are also setting up and rolling out a **Local Information System for Adaptation (LISA)**. This is the case of **Ghana**, **The Gambia** and most recently **Benin**.
- In **Bangladesh**, a **Climate Vulnerability Index** is being launched that will map exposure (whether a district is prone to extreme weather events), sensitivity (the likelihood of an impact on the district by the extreme weather event), and adaptive capacity (level of response or coping mechanism of the district) down to the local level. Using this index, local administrations will be able to formulate

appropriate responses to projected climate-induced disasters; at the national level, higher-vulnerability areas can be prioritized for early action or medium-/long-term adaptation interventions. A risk atlas has already been developed for 7 districts, 18 upazilas and 72 unions to help union parishads and communities understand the nature of climate change impacts and future forecasts.

The LoCAL-supported combination of tailored technical assistance to produce and make quality science-based climate data and information readily available is bridging the data gap issue at the local level. Capacity-building support and learning-by-doing in managing these tools and using them for local adaptation planning are further bridging the capacity gap. As of 2021, **309 local governments engaged with LoCAL regularly collect, update and analyse climate change information**. LoCAL continually seeks to improve the quality and effectiveness of that work.



## Output 2: Mainstreaming and investments

### Integration of climate change adaptation into local planning and budgeting processes

Climate change adaptation mainstreaming into local development plans is aimed at enhancing subnational programming of resources towards more resilient and sustainable development pathways and strategies. During the reporting period, **300 local governments have integrated climate change considerations into their local planning and budgeting processes** (table 2.4). **Tanzania** and **Burkina Faso**, the latest pilots launched in 2021, are engaging local governments in the review of their mid-term local development plans from an adaptation lens and/or in the development of adaptation-focused annual investment plans.



Similar work is ongoing in **The Gambia**, where an additional 12 wards are preparing for PBCRG deployment in 2022.

## Adaptation and resilience interventions and measures

In 2021, LoCAL financed 297 climate change adaptation interventions across six countries – **Bangladesh, Bhutan, The Gambia, Ghana, Mali** and **Mozambique** – for a total value of approximately \$6.74 million, including \$706,000 in co-financing from either national and/or local governments' own resources or parallel programmes. This brought the **cumulative total of small-scale climate-resilient interventions financed by LoCAL since 2014 to 1,983**. In 2021, approximately 823,000 people were reported as directly benefiting from PBCRG-financed investments in target local governments<sup>1</sup>.

In 2021, **91 per cent of PBCRG-financed interventions were infrastructure investments** (figure 2.4). The remaining 9 per cent was dedicated to the provision of equipment and to awareness-raising activities; no investments supported capacity development. By sector, **78 per cent of interventions focused on water, sanitation and hygiene (WASH), agriculture, and disaster prevention and preparedness** followed by investments in transport and storage (11 per cent) (figure 2.5). The **majority of LoCAL investments are undertaken in coastal areas (Bangladesh, Ghana and Mozambique)**, followed by dryland areas (**The Gambia** and **Mozambique**) and mountainous areas (**Bhutan**) (figure 2.6).

The majority of interventions (87 per cent) financed in 2021 were classified as **climate**

**smart**, as defined by the ACCAF methodology. These are interventions aimed at development goals, but whose actions need to be modified, changed or adjusted to account for climate change – e.g. climate proofing of critical infrastructure (figure 2.7). Another 3 per cent of interventions were classified as **climate strategic** – actions or interventions that are not particularly distinct from development business as usual, but that may be of greater priority because of climate change. Nine per cent of the overall portfolio was classified as **climate complementary**, comprising those actions or interventions that are not specific to climate change, but loosely relate to underlying drivers of climate vulnerability.

Snapshots of PBCRG portfolios in selected member countries for 2021 follow.

- In **Bangladesh, 188 interventions were financed for \$2.11 million**, approximately 11 per cent of which was provided as co-financing to LoCAL allocations. More than half of the 72 parishads deploying PBCRGs are in coastal areas, and almost half of the investments (45 per cent) were focused on (i) providing access to drinkable water through climate-resilient water infrastructure able to withstand salinity intrusion, and (ii) improved irrigation schemes through re-excavation of canals for better water catchment and/or solar-powered pumps. Disaster prevention measures using a mix of engineering and nature-based solutions (e.g. protection walls combined with reforestation and wetlands preservation for flood prevention) were also explored through a partnership with the Bangladesh University of Engineering Technology and the Center for Natural Resource Studies.
- In **Bhutan**, approximately 70 per cent of investments focused on the **climate proofing of critical infrastructure**; this mostly entailed stabilization structures and proper drainage systems for rural roads to withstand erosion and landslide

<sup>1</sup> As reported by local governments implementing PBCRG investments in 2021; this excludes Cambodia as figures were provided in terms of households rather than individuals. Note that these numbers are estimates based on local governments' own assessment of the number of individuals directly benefiting from financed interventions based on the scope, location and type of the investment.

Table 2.4: **Engagement of local governments in LoCAL as of December 2021**

Country	Lead implementing partner	Government level	Participating in LoCAL	Integrating CCA <sup>1</sup>
			Number	
Bangladesh	Ministry of Local Government, Rural Development and Cooperatives, Local Government Division	Union parishad	72	72
Benin	Ministry of Living Environment and Sustainable Development; National Fund for the Environment and Climate (National Fund for the Environment and Climate – FNEC), Permanent Secretariat of the Local Finance National Commission	Commune	9	9
Bhutan	Gross National Happiness Commission, Department of Local Governance, National Environment Commission, Bhutan Trust Fund for Environmental Conservation	Dzongkhag/ gewog	100	100
Burkina Faso	Ministry of the Environment, Green Economy and Climate Change, Environment Intervention Fund (FIE), Permanent Secretariat of the Green Climate Fund, Local Government Directorate General	Commune	3	0
Cambodia	Ministry of Environment, National Committee for Subnational Democratic Development Secretariat (NCDD-S)	District/ municipality	50	50
Gambia, The	Ministry of Lands and Regional Governments, Ministry of Finance and Economic Affairs, Ministry of Environment, Climate Change and Natural Resources	Ward development committees	32	20
Ghana	Ministry of Local Government, Decentralization and Rural Development, Ministry of Environment, Science, Technology and Innovation, Environmental Protection Agency	MMDA	13	9
Lesotho	Ministry of Local Government and Chieftainship Affairs, Ministry of Finance, Lesotho Meteorological Services, Ministry of Energy, Meteorology and Water Affairs.	Community council	4	4
Mali	Ministry of Environment, Sanitation and Sustainable Development; Ministry of Local Administration and Decentralization, Environment and Sustainable Development Agency (ANICT)	Commune	4	4
Mozambique	Ministry of Economy and Finance, Ministry of Land, Environment and Rural Development	District	20	20
Niger	Ministry of Environment and the Fight against Desertification; Ministry of Interior and Decentralization; National Environment Council for Development, Local Government Financing National Agency (ANFICT)	Commune	9	9
Tanzania	PO-RALG, Office of Vice President, Institute of Rural Development Planning	District	3	0
Tuvalu	Ministry of Local Government and Agriculture; Ministry of Finance	Kaupule	3	3
<b>Total</b>			<b>322</b>	<b>300</b>

**Note:** MMDA = metropolitan, municipal and district assembly. Lao PDR and Nepal are not included, as they are transitioning to Phase II. The number of local governments using PBCRGs is calculated based on the Memorandums of Understanding signed with member LoCAL countries between 2019 and 2020 for deployment of the PBCRG. Local governments included in this indicator were at different stages of deployment in their PBCRG cycles (planning, implementation or closure) as of December 2020. Local governments deploying the PBCRG through parallel resources are also retained.

<sup>1</sup> Integrating climate change adaptation planning and budgeting.

Figure 2.4: **LoCAL investments by type, 2021**

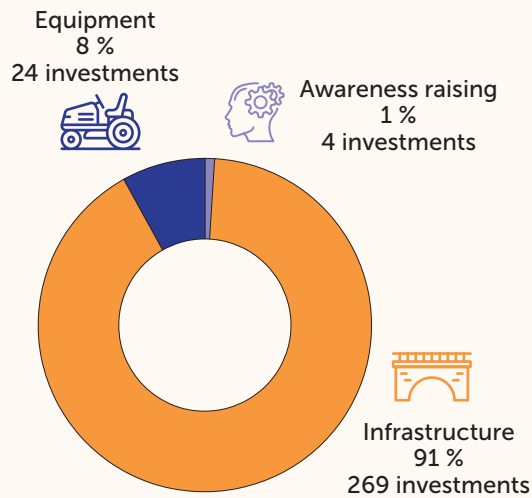


Figure 2.5: **LoCAL investments by sector, 2021**

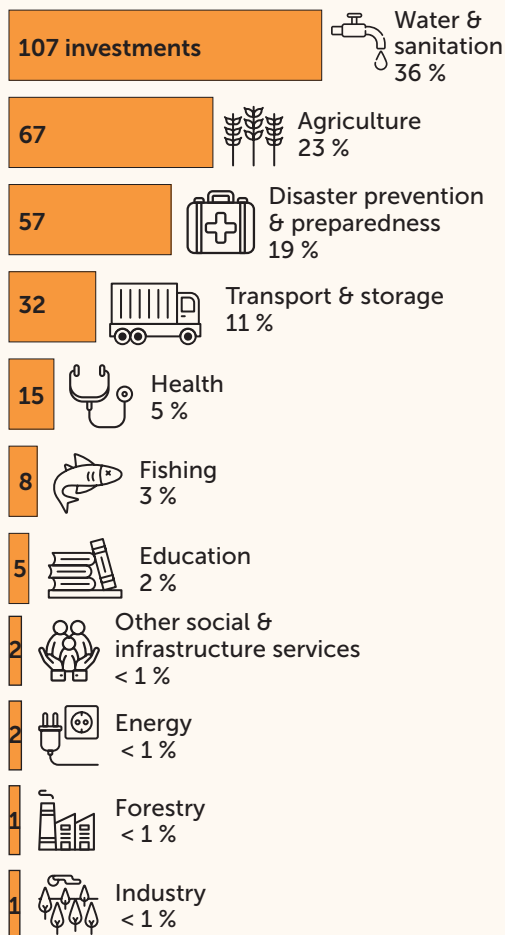


Figure 2.6: **LoCAL investments by ecosystem, 2021**

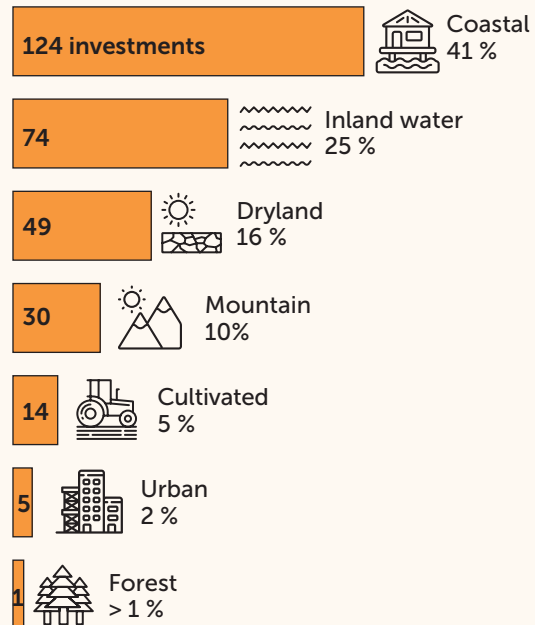
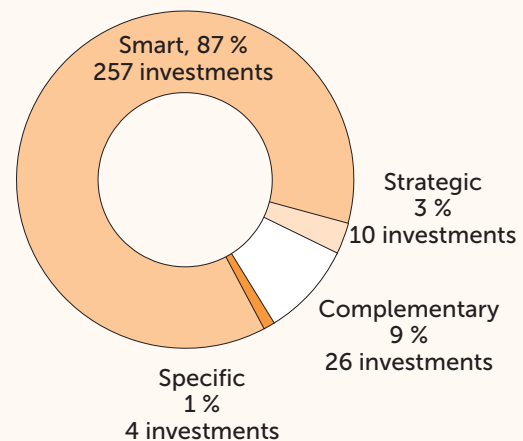


Figure 2.7: **LoCAL investments by climate responsiveness, 2021**

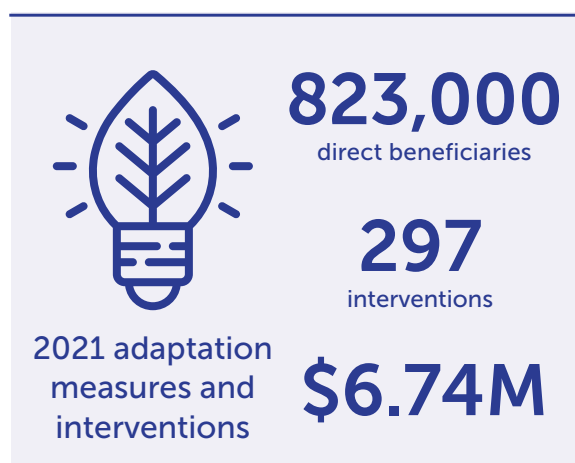


promotes inclusiveness across the PBCRG cycle follow.

- In **Bangladesh**, the LoGIC Programme, **8,872 youths from vulnerable communities** and project beneficiaries' families were selected to participate in the LoGIC Youth Network, which aims to provide a platform for a national youth movement on climate action at the grassroots level. In 2021, 219

risks. The rest of the portfolio consisted of rehabilitation/conservation of water points and water supply systems as well as improvement of local irrigation systems. Since 2017, the Government of Bhutan, with EU budget support, has channelled approximately \$3.3 million through the PBCRG system.

- In **The Gambia**, investments have focused on **establishing integrated farming systems**, combining market gardens with small ruminant production and tree nurseries to provide climate-resilient and diversified livelihood options to communities. Climate proofing of water distribution facilities and rural roads to protect against flooding events accounted for slightly less than half of the 23 ongoing adaptation investments.
- In **Mali**, 3 of the 10 investments selected for 2021 involve setting up and equipping market gardening perimeters; these will largely benefit women, who will thereby gain access to productive assets to sustain their livelihoods and make them more resilient. About 214 women are expected to directly benefit from these perimeters. Other investments concern the construction and/or rehabilitation of boreholes and water reservoirs for both human and agricultural use during drought periods, and land restoration through composting techniques for improved productivity of degraded soils. **Most of the interventions will be realized through cash-for-work schemes** involving 363 community members, mostly women and youth.
- In **Mozambique**, PBCRGs were mostly devoted to **social infrastructure, specifically schools and hospitals**, by rehabilitating / climate proofing existing ones and building climate-adapted facilities to improve access to basic social services for climate-vulnerable groups (i.e. women and children) in the midst of the COVID-19 pandemic. To preserve public health despite



climate change and pandemic threats, most of the districts identified realization of multifunctional water supply systems as a priority intervention to ensure reliable access to potable water and promote personal hygiene. In 2021, 36 investments were undertaken in the five provinces for a portfolio total of \$3.37 million.

## Empowering women and youth for local climate action

By design, LoCAL is a gender-sensitive and inclusive approach to climate change adaptation, as it brings the planning and budgeting process for climate change adaptation closer to the communities – especially those disproportionately affected by climate change effects. While the specific criteria for the PBCRG system vary by country, most designs include specific **gender-sensitive performance measures** to hold local governments accountable for the inclusiveness of their local decision-making processes. Overall, PBCRG investments are reported to benefit women and men equally, as approximately 54 per cent of direct beneficiaries are women. Out of 297 investments, almost 10 per cent were reported to target women specifically, with women accounting for more than two-thirds of the direct beneficiaries. Initiatives across LoCAL countries have also aimed to ensure greater participation and engagement of youth in local climate action. Examples of how LoCAL



youth groups were launched across seven districts, and 132 youths have been provided with training on climate change and other resilience-building initiatives promoted by LoGIC with the aim of equipping them as actors of change in their communities.

- **The Gambia** and **Ghana** systematically involve communities in the realization of PBCRG-funded adaptation and resilience-building interventions through cash-for-work schemes, which have set quotas for the participation of vulnerable groups, especially women and youth. To date in **The Gambia**, **cash-for-work schemes have created 3,086 full-time-equivalent jobs**, mainly for women and youth. About 76 per cent of these jobs were taken by youths between the ages of 18 and 35 (fairly distributed by female and male) and another 26 per cent of these jobs were filled by women aged 35 and above.
- In **Mali**, LoCAL is supporting **community-based governance and public consultation mechanisms** to deal with natural resource management, while promoting participatory planning for locally led green climate investments. Throughout 2021, four public consultation mechanisms were put in place in four local governments, and consultation sessions were held to review investments that prevent natural resource-induced conflicts. These consultations provide a space for women's and youth's groups to actively participate in the civic space.

## **Output 3: Financing mechanism**

### **PBCRG institutionalization**

As of May 2021, 322 local governments were engaged with LoCAL ([table 2.4](#)). Not surprisingly, the countries with the largest numbers of participating local governments are those that have been with LoCAL the longest –

**Bangladesh**, which graduated to Phase II; and **Bhutan** and **Cambodia**, which are in Phase III. The vast majority of these local authorities – 295, or 91 per cent – have deployed the PBCRG system over the past two years (2020–2021) or are preparing to do so in 2022<sup>2</sup>. Evidence of progressive institutionalization of the mechanism from member countries in 2021 follows.

- In **Bangladesh**, experiences from LoCAL and the LoGIC programme have served to develop a Local Climate Financing Framework (LCFF), which has been shared with the Local Government Division of the Ministry of Local Government, Rural Development and Co-operatives to ensure a **policy provision for decentralized climate finance in the revised National Climate Financing Framework**. When the LCFF model has been recognized in the national policy, local governments will have enhanced capacity to scale up the PBCRG system to all vulnerable upazilas in Bangladesh.
- Efforts by the LoCAL National Steering Committee in **The Gambia** have strengthened political buy-in from the government with **close coordination and consultation between relevant ministries and agencies and UNCDF**. Ministers from agriculture, energy, environment, gender affairs, and fisheries and water resources attend steering committee meetings. The committee, which is chaired by the Minister of Environment who is also a LoCAL Ambassador, appreciates the impact LoCAL is making in The Gambia both in terms of implementation of climate change adaptation investments as well as creation of short-term job opportunities for local communities.

<sup>2</sup> Tuvalu's three kaupules will deploy their PBCRGs in 2022, as stringent COVID-19-related restrictions prevented transfers in 2021, when the memorandum of understanding for PBCRG deployment was initially signed.

- **Ghana**, in collaboration with the National Development Planning Commission, conducted a training of trainers workshop for regional economic planning officers, regional budget directors and regional planning directors on **mainstreaming climate change adaptation into district medium-term development plans**. The participants will ultimately support MMDAs in preparing these plans over the 2022–2025 period. The training covered LoCAL tools such as ACCAF and climate risk assessment, which can be used in the context of the National Development Planning Commission’s planning guidelines to support the development of climate risk-informed local plans.

During the reporting period, \$7.59 million for PBCRG deployment was delivered by LoCAL through memorandums of understanding to participating local governments in eight countries to support LoCAL scale-up – **Benin, Burkina Faso, Bangladesh, Bhutan, Lesotho, Mozambique, Niger** and **Tanzania**.

## Unlocking domestic private finance for local climate resilience

LoCAL has been testing approaches to unlock private climate finance, and thus match the PBCRG system with other financing instruments that may contribute to capital formation for investments in adaptation at the local level. Highlights of these efforts follow.

- In **The Gambia**, LoCAL identified climate-resilient projects that offer socioeconomic **opportunities in the green economy and climate-sensitive sectors for small and medium enterprises (SMEs)**. These projects were assessed against a LoCAL-created Climate Resilience Impact Key to ensure investment decisions account for climate change risks and opportunities. The first two SMEs selected were awarded a seed capital grant of \$100,000 each. Grant disbursement

is now complete, and monitoring of activities under the two projects is ongoing. The SMEs were subsequently supported in de-risking their investments in order to access additional funding from commercial banks. Both projects supported agro-processing companies seeking working capital to expand their operations and thereby create job opportunities in their communities, especially for women and youth. Another three investment project proposals – from Maruo Farms, Premier Green Ltd and Kombo Dairy Farms – were identified and selected during the call for proposals. During 2021, assessment and technical support were provided to enable them to receive seed capital grants and, in the long term, develop bankable projects.

- In **Cambodia**, **UNCDF partnered with K-water** and, through a \$1 million grant from Korea’s Ministry of the Environment, initiated a pilot project to address the issue of water scarcity in rural areas. The public-private partnership will develop a small-scale water supply infrastructure in Battambang Province, demonstrating a sustainable business model to ensure water service delivery in rural districts. The pilot project is expected to prove the concept for potential scale-up of similar initiatives country-wide. It will also inform LoCAL on how PBCRGs can be used to **leverage public-private partnerships and/or private finance for local adaptation projects** with the potential to generate revenues.
- Within the framework of a partnership established with AfDB to pilot and operationalize the [Adaptation Benefits Mechanism \(ABM\)](#), seed capital, including PBCRGs, will be deployed for demonstration projects. These projects seek to prove the concept for **transformative impact financing approaches at the local level, led by SMEs, local governments and other local stakeholders**. The initiative promotes locally born pipelines of investable projects and public investments

with an impact on local climate resilience as well as job creation, women's economic empowerment and food security.

ABM envisages the realization of at least 10 replicable small-scale, high-impact adaptation demonstration projects in vulnerable communities in at least six African LDCs; these would likely be catalytic in attracting private capital for replication at a larger scale. LoCAL will leverage the PBCRG system, combined with other de-risking financing instruments, for eight ABM projects in five countries: **Benin, Mozambique, Rwanda, Senegal and Uganda**. With AfDB support, LoCAL launched a feasibility assessment in **Benin** to explore potential financing instruments to be deployed jointly with the PBCRG to mobilize private sector finance for adaptation. The study will feed into the ABM toolbox and provide insights for leveraging private capital within the framework of PBCRG-financed investments.

- As discussed above, LoCAL and BOAD are partnering to **co-develop a multi-country GCF funding proposal** so as to deploy innovative financing instruments in West Africa to build more resilient local economies and communities. The initiative will provide access to climate finance to a wide range of local actors, especially local governments, SMEs, cooperatives and civil society organizations. Specifically, the PBCRGs are expected to be jointly deployed with blended finance facilities in **Burkina Faso, Côte d'Ivoire, Mali and Niger** to scale up local impacts on climate resilience and explore approaches to empower local stakeholders to act for effective adaptation.

## **Output 4: Outreach, learning and quality assurance**

Guided by its mandate, the LoCAL team has played a critical role in LoCAL's effective deployment across countries and regions, **raising awareness and mobilizing political support from ministries and institutions at the central government level**. In 2021, efforts were specifically devoted to working with member countries for greater recognition of the LoCAL mechanism as an initiative to support achievement of the [LDC 2050 Vision](#) and the Paris Agreement towards and beyond COP26.

This subsection highlights outreach and awareness-raising activities undertaken by the team during the reference period; many of these are UNFCCC-related entities and events.

### **UNFCCC bodies**

LoCAL is progressively gaining greater recognition by UNFCCC and its constituted bodies as a mechanism to finance and advance subnational adaptation.

- As an active member of the **Least Developed Countries Expert Group (LEG) / NAP Thematic Working Group**, LoCAL participated in the 39th and 40th LEG meetings in March and August 2021, respectively, and in follow-up working groups during the course of the year. Through these, LoCAL was further positioned as a mechanism to advance vertical integration as part of LDCs' NAP process and to contribute to the LDC 2050 Vision.
- UNCDF was invited to join the UNFCCC-led **UN 4 NAPs initiative**, an UN-wide partnership to scale up technical support, initially to LDCs and SIDS, to formulate and implement their NAPs. The first UN 4 NAPs meeting was held in July 2021.

Similarly, UNCDF's contribution – through LoCAL – to advancing the NAP process in LDCs and other developing countries was documented in the 2021 UNFCCC publication [National Adaptation Plans 2020: Progress in the Formulation and Implementation of NAPs](#).

- As a non-party stakeholder, LoCAL participated in meetings of the **UNFCCC Adaptation Committee** and the **UNFCCC Standing Committee on Finance**, and responded to calls for submissions on adaptation needs and gaps to highlight how LoCAL can help – and has helped – in addressing such issues. Specifically, LoCAL responded to the Adaptation Committee's call for submissions on **methodologies for assessing adaptation needs** (February 2021) and to the Standing Committee on Finance's call for **methodologies for assessing adaptation finance needs and tracking finance flows at subnational level** (June 2021). Following these and earlier submissions, LoCAL was referenced by the Adaptation Committee as a tool and method for subnational adaptation and included on UNFCCC's [Adaptation Knowledge Portal](#).
- Similarly, several UNFCCC bodies **referenced LoCAL in official reports to COP26**. For example:
  - The Standing Committee on Finance refers to LoCAL in its most recent [Biannual Assessment and Overview of Climate Finance Flows](#) as an 'initiative supporting domestic national budget systems to target adaptation actions at the local level, while reinforcing transparency and reporting through those systems'.
  - The 53th Subsidiary Body for Implementation's [Report of the Stocktaking Meeting of the Least Developed Countries Expert Group](#) cites LoCAL as a 'financing mechanism for subnational and local climate

action based on performance-based climate-resilient grant systems and for integrating adaptation into subnational development plans'.

- The UNFCCC Secretariat's note on [Progress in the Process to Formulate and Implement National Adaptation Plans](#) showcases LoCAL activities to integrate climate change adaptation into local government planning and budgeting systems.

## UNFCCC events

- In January 2021, LoCAL hosted a side event at the **1st International Gobeshona Conference on Financing Locally Led Adaptation Action through Country-Based Mechanisms in the Context of the NDCs and NAP Process** in partnership with the Governments of **Bhutan** and **Cambodia** and the Asian Development Bank. The event aimed to bring practitioners, experts and government officials together to discuss and share experiences, lessons and good practices on how local actors – particularly local governments and their communities – can be engaged in delivering adaptation results. This engagement was focused on three pillars: capacity building for climate change mainstreaming into local public planning and budgeting systems, innovative financial mechanisms, and implementation of locally led adaptation action in the context of NDCs and the NAP process.
- UNCDF co-organized a session on [Money and Power Where It Matters: Mobilizing for Locally Led Adaptation](#) during the Climate Adaptation Summit 2021 anchoring event. The session featured speakers engaged with LoCAL implementation, including the director of the European Commission's Directorate-General for Development and Cooperation and high-ranking **Cambodian** representatives. During the session, LoCAL launched a commitment to work with partners and member countries – including through LoCAL Ambassador ministers – to



double the size of the initiative every five years until 2030 for accelerated and more ambitious locally led adaptation for LDCs, SIDS and African countries.

- Also at Climate Adaptation Summit 2021, UNCDF co-organized **two side events featuring LoCAL**: one on supporting risk-informed locally led adaptation through downscaled modelling and climate risk assessments; the other on accelerating locally led adaptation through effective engagement across governance levels in the context of NDCs and the NAP process. The events were conducted in partnership with the World Resources Institute, the World Meteorological Organization, the Korean Environment Institute and the NAP Global Network. They featured the participation of the Governments of **Bhutan** and **Cambodia**. At the summit, LoCAL and 40 governments and leading institutions formally endorsed the eight [Principles for Locally Led Adaptation](#) to help ensure that local communities are empowered to lead sustainable and effective adaptation to climate change at the local level in line with the ambitious LDC 2050 Vision.
- Building on a long-lasting partnership, LoCAL was asked to co-lead a session on the role of local governments in climate change adaptation and local resilience building at Sida's March 2021 **Global Learning Event on People and Planet: Gender, Environment and Climate in 2030**. The session highlighted how the LoCAL mechanism can support leveraging the gender-climate nexus for inclusive resilience building.
- Similarly, LoCAL was invited as a panellist at the March 2021 Asian Pacific Adaptation Forum's plenary session and event on [Climate Finance for Catalysing Transformative Economic Development](#) and at the PLATFORMA-sponsored [Adaptation to Climate-Building Resilience at Local and Regional Levels](#) webinar in April 2021. At both events, LoCAL presented its **scalable financing mechanism** to advance the

Paris Agreement and SDG objectives at the subnational level.

- LoCAL was featured and promoted as a **best practice on subnational adaptation finance and locally led adaptation** in several international forums.
- UNCDF hosted a **side event at the UNFCCC Climate Dialogues** in May 2021 on the Role of Subnational Governments and Their Communities in Accelerating Locally Led Adaptation: Experience with Country-Based Financing Mechanisms under the NDCs and the NAP Process. And, at the Climate Dialogues' **opening event**, LoCAL was featured in a presentation made by **The Gambian** Minister for Environment, Climate Change and Natural Resources on the LDC 2050 Vision and Initiatives: Synergy with Support Mechanisms for the LDCs under the UNFCCC.
- At the **Asia-Pacific Climate Week in July 2021**, UNCDF, the United Nations Development Programme and UN-Habitat co-organized a side session on Scaling up Collaboration on Integrated Approaches and Actions for Urban and Local Climate Resilience. The session discussed and shared lessons learned and good practices on how communities, local partners, cities, and local governments can deliver adaptation results, focusing on three pillars: capacity building for climate change mainstreaming into local/urban public planning and budgeting systems, innovative financial mechanisms, and NDC-aligned adaptation measures.
- At the **Africa Climate Week** in September 2021, LoCAL was showcased as a vehicle to mobilize and scale the level of gender-responsive and inclusive finance African nations need in the UK-led event on Financing Climate Ambition through Mobilizing Gender-Responsive Climate Finance.

- LoCAL was invited to take part in an event hosted by GCCA+, **Climate-Smart Uganda**, which showcased the EU contribution to the delivery of national climate action in **Uganda** and Africa through the GCCA+ flagship initiative. UNCDF, together with the United Nations Environment Programme and AfDB, co-hosted a session on approaches and financing solutions for climate risk management and risk transfer for resilience building.

## LoCAL at COP26

LoCAL and its member countries engaged at COP26, held in Glasgow 31 October–13 November 2021, to **politically elevate the LoCAL mechanism as a long-term initiative** that supports implementation and achievement of the LDC 2050 Vision and the Paris Agreement.

To sustain momentum on the call for accelerated climate action at the local level through adequate and more predictable funding, especially for adaptation, LoCAL organized/co-organized **eight side events and co-hosted the Locally Led Adaptation Hub**, where over 25 LLA Talks brought together representatives from across the globe, making their case and sharing their experiences on locally led adaptation. These events, which included presentations, debates, movie premières and more, raised the profile of locally led adaptation actors and gave voice to many representatives of local communities in LDCs and developing nations. Key COP26 outreach highlights included the following:

- A joint proposal by the UN Office for Disaster Risk Reduction, the UN Institute for Training and Research (UNITAR) and UNCDF was shortlisted by UNFCCC as an official **COP26 side event on enhancing climate resilience for LDCs and SIDS through space data, finance mechanisms and partnerships**. The session explored how space data, participatory planning tools and

innovative finance mechanisms can close the loop to support LDCs, SIDS and African nations build and implement effective climate adaptation plans.

- The Commonwealth Secretariat hosted the **UNCDF-led round table on enhancing access to climate finance** in LDCs, SIDS and other commonwealth nations through the LoCAL approach. The session brought together voices from **Bangladesh, Ghana, Jamaica** and **Malawi** to explore how such different countries can be united in their advocacy for LoCAL as a mechanism to channel climate finance to subnational governments and leverage their mandates for adaptation results.
- At the **UNCDF-hosted high-level event on accelerated locally led adaptation in support of NDC and NAP implementation in the LDCs**, Belgium's Minister of Development Cooperation pledged EUR 6.5 million to support the Government of **Uganda** in deploying the LoCAL mechanism in up to 102 local governments. Thanks to this pledge, LoCAL funding reached \$125 million and is on track to meeting its target of at least doubling its size every five years.
- At a **UNCDF-hosted panel** featuring high-level leadership from West African countries including **Benin, Côte d'Ivoire, Mali** and **Niger**, Mali's Minister of Environment, Sanitation and Sustainable Development was welcomed into the network of LoCAL Ambassadors following his commitment to work with other LoCAL ministers to advocate for wider deployment and recognition of the mechanism. This brings the number of LoCAL Ambassadors to eight.
- In the presence of the UNCDF Executive Secretary and Ministers of **Burkina Faso, Malawi** and **Uganda**, **LoCAL pilots were officially launched in these three countries** through signature ceremonies which served as occasions to reiterate the ambitions of LoCAL and its member countries to

galvanize efforts to advance climate action in Africa. At COP26, LoCAL engaged with 20 African nations, 9 of which actively deploy or are ready to deploy the PBCRG mechanism, with others preparing to do so.

## LoCAL Board and ministerial meetings

The **8th annual LoCAL Global Board Meeting** was held virtually on 11 May 2021 and was attended by 281 participants, including ministers and representatives from LoCAL member and candidate countries – **Bangladesh, Benin, Bhutan, Burkina Faso, Cambodia, Côte d'Ivoire, The Gambia, Ghana, Guinea, Lao PDR, Lesotho, Liberia, Malawi, Mali, Mozambique, Nepal, Niger, São Tomé and Príncipe, Senegal, Solomon Islands, Sudan, Tuvalu, Tanzania** and **Uganda** – and high-ranking representatives of LoCAL institutional partners. These latter included the unit head for the European Commission Directorate-General for International Partnerships, Unit F.1 - Climate Change and Sustainable Energy; the Sida unit head for Global Cooperation on Environment; the Director of the Country Programming Division of the GCF Secretariat; and UNFCCC senior officials. The Board was co-chaired by the global coordinator of the UN LDC group in New York (a position currently held by the **Malawi** Ambassador) and the chair of the LDC group to UNFCCC (a position then held by **Bhutan** and now by Senegal), assisted by UNCDF's Director of Local Development Finance<sup>3</sup>.

<sup>3</sup> Meeting observers included representatives from the Adaptation Fund, the Agence Française de Développement, Cities Alliance, Enabel, ICLEI, LuxDevelopment, AfDB, the Asian Development Bank, the Belgian Diplomatic Office in Maputo, the Catalanian Cooperation, the Covenant of Mayors for Latin America, the Global Commission on Adaptation, the Global Covenant of Mayors Secretariat, the Government of Austria, the Government of Denmark, the Government of Italy, the Government of Switzerland, the Government of the United Kingdom through its Foreign, Commonwealth and Development Office, IFAD,

In line with previous meetings' endorsements, the Board **reiterated the need to establish modalities to secure long-term and stable financing for LoCAL**. It was recommended that UNCDF apply for GCF accreditation to support LDCs, SIDS and African nations that do not yet have direct access to GCF. Similarly, the Board encouraged LDCs and developing countries engaged in LoCAL to leverage the mechanism to fast-track implementation of the LDC 2050 Vision and the Paris Agreement. Partner countries were encouraged to adhere to the LoCAL standard as much as possible when moving to country-wide roll-out through parallel sources of funding and in line with the **LoCAL standard application to the International Organization for Standardization (ISO)**.

Finally, the Board expanded the group of LoCAL Ambassadors to include ministers from **Burkina Faso, Cambodia** and **Malawi**; these join peers from **Benin, The Gambia, Mozambique** and **Niger**.

The **1st LoCAL Ministerial Meeting** was held virtually on 18 May 2021, with 12 ministers of environment and/or appointed high-level officials. The meeting marked the endorsement of a [LoCAL ministerial declaration](#) that reaffirms the collective endeavour of member countries towards advancing locally led adaptation and represents a step forward in recognizing LoCAL as the **standard LDC-owned mechanism for subnational direct access to climate finance**. The declaration builds on a series of

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the International Institute for Environment and Development, the International Centre for Integrated Mountain Development, the International Labour Organization, the Korean Environment Institute, the NAP Global Network, NDC Partnership, OECD, the Organisation of African, Caribbean and Pacific States, the Secretariat of the Pacific Community, the PEFA Secretariat, the Qatar Fund for Development, SDC, the Union for the Mediterranean Secretariat, the United Nations Convention to Combat Desertification, the United Nations Environment Programme, UNITAR, the United Nations Office for Disaster Risk Reduction, BOAD, the World Resources Institute and the Munich Climate Insurance Initiative of the UN University Institute for Environment and Human Security.

consultative bilateral meetings held with over 25 LoCAL countries in April and May 2021 and on the Board decision endorsed during the 8th LoCAL Board Meeting.

In September 2021 for New York Climate Week, LoCAL high-level representatives and ministers from **Cambodia, The Gambia, Jamaica, Malawi** and **Niger** launched the LoCAL ministerial declaration by LDCs, SIDS and African countries to raise ambition on local adaptation and provide political guidance and high-level leadership for efforts on locally led adaptation action in vulnerable countries. The declaration **sent a strong message to COP26** for increased climate finance for NDC-aligned locally led action.

## Creating knowledge and sharing experiences

To maximize synergies and resources, LoCAL collaborates at the global, regional and country levels with a variety of organizations with expertise in local governance, development and climate change.

- At the **global level**, LoCAL continues a strategic partnership with **UNITAR** to develop course modules/curricula. Following the LoCAL **e-tutorial** (live on UNCC:e-Learn) and an extensive four-module training programme on the LoCAL mechanism for practitioners, UNITAR and LoCAL are collaborating to develop specific **workshop content for climate negotiators from LDCs and developing countries** to strengthen negotiation skills and awareness of UNFCCC-led processes. Such capacity-building activities emerged as a priority action from COP26 exchanges and will be rolled out ahead of UNFCCC's June sessions.
- LoCAL deepened its engagement with ISO, the international authority that publishes globally recognized guidelines and frameworks, in **continuing its development as an international standard** (ISO 14093). In 2021, the draft of the LoCAL ISO was submitted for comment and balloting by ISO Technical Committee 207. The members approved the draft ISO and recommended it be moved forward with some additional comments for improvement. After revisions and updates were made to the draft ISO at the WG16 level, the draft was sent for another round of balloting and comment at the country level, the final stage before it becomes an ISO standard. The process is expected to be completed during 2023.
- The **World Resources Institute and LoCAL continue to collaborate on research evaluations** in LoCAL mature and semi-mature countries to assess the likely impact of the mechanism on local adaptation benefits and shaping ecosystems for improved climate finance leverage potential. **Bhutan** was the first country to undertake such an exercise in 2021; similar evaluations will be undertaken in 2022 in **Cambodia, Lesotho** and **Niger**. The assessments are expected to provide qualitative evaluation information on LoCAL's effectiveness in advancing locally led adaptation; key findings will feed into current and future LoCAL designs.
- As a member of the **NDC Partnership Network, LoCAL supports countries in enhancing their NDC ambitions** and implementation through the subnational level.
  - In 2021, following on from previous support to verticalize its NDC, **Côte d'Ivoire** asked LoCAL to join with other donor partners to support its NAP process.
  - Similarly, in **Benin**, LoCAL has responded to a country request to support capacity building at the national and subnational levels on climate change mainstreaming into development strategies and plans; this will be undertaken in concert with the NDC Partnership and national counterparts through training of trainers.

- UNCDF signed a grant agreement with the NDC Partnership to support the Governments of **Liberia**, **Malawi** and **Nepal** in engaging, coordinating, facilitating and mobilizing actors and resources for NDC implementation. This will also entail ensuring the NDCs' vertical integration throughout the process, leveraging on the LoCAL mechanism.
- To expand and improve LoCAL efforts to foster scientifically based evidence of climate risks in LDCs for decision-making, in 2021, UNCDF approached the **Institute for Environment and Human Security of the United Nations University (UNU-EHS)**. The aim was to explore synergies and collaborations on the economics of climate adaptation, a framework that integrates climate risk assessments with economic impact studies of adaptation portfolios.
- LoCAL continues to work with the **Korea Environment Institute** to sustain efforts in promoting South-South technical cooperation on climate change modelling and vulnerability analysis. Contracts were also put in place with private specialized firms to support ongoing work on climate risk assessments in **Mali**, **Niger**, **São Tomé and Príncipe** and **Uganda** as well as with research institutions such as the Centre de Suivi Écologique to pursue these efforts in **The Gambia**.

As LoCAL gains best practices and experiences across continents, it is increasingly referenced in thematic publications, particularly those addressing issues of climate resilience, climate finance and mechanisms for effective climate action in the global South:

- Through LoCAL, UNCDF engages with the **Development Assistance Committee Network on Environment and Development Co-operation (ENVIRONET)**. It was invited to share inputs and insights for the 2021 Organisation for Economic Co-operation and Development (OECD) report

*[Strengthening Climate Resilience: Guidance for Governments and Development Co-operation](#)*. In the publication, LoCAL is featured as an example of a mechanism for local-level resource mobilization for climate resilience.

- LoCAL-**Bhutan** was referenced by OECD, in its publication *[Strengthening Climate Resilience in Mountainous Areas](#)*, as a robust mechanism channelling climate finance to local authorities while mainstreaming cross-cutting issues such as gender, the environment and climate change, disaster and poverty in local development.
- LoCAL was featured in the UN publication *[Good Practices in South-South and Triangular Cooperation for Sustainable Development in SIDS: Advancing SAMOA Pathway and Achieving Sustainable Recovery](#)*, which documents innovative ways different models of international cooperation can support SIDS in overcoming shared challenges and accelerate progress towards sustainable development – including recovery from COVID-19.

LoCAL completed several communication and knowledge management initiatives aimed at developing and sharing knowledge and experiences, both among its participants and to broader development / climate change communities.





Table 2.5: **Progress in 2021 on the LoCAL Results and Resource Framework**

Indicator	2014–2021	2021
<b>Impact: To promote climate-resilient communities and local economies by increasing investments in climate change adaptation at the local level in target countries, thereby contributing to the achievement of SDG 1 and SDG 13 and country-specific SDG and climate change adaptation (CCA) targets</b>		
<b>I.1</b> Number of beneficiaries of CCA investments and interventions financed through LoCAL/PBCRG mechanism (disaggregated by sex)	12,520,967	n.a.
<b>I.2</b> Number of LDCs, small island developing states and developing countries that are receiving specialized support, and amount of support, including finance, technology and capacity building, for mechanisms for raising capacities for effective climate change-related planning and management, including focusing on women, youth and local and marginalized communities, through LoCAL		
Number of countries engaged in LoCAL (Phases I/II/III)	30	n.a.
Volume of support (\$)	\$60,309,363	n.a.
<b>I.3</b> Evidence of CCA impact of proposed CCA investments and interventions in targeted communities through case studies, focusing particularly on the most vulnerable population groups and applying a gender-sensitive approach	0	0
<b>Outcomes</b>		
<b>O.1</b> Increase local authorities' access to (international) climate finance to implement climate change adaptation investments in target countries	—	—
<b>O.2</b> Establish a standard and internationally recognized country-based mechanism to channel climate finance and increase local resilience through PBCRGs	—	—
<b>O.1.1</b> Volume of international climate finance channelled through and/or leveraged by UNCDF-designed PBCRG mechanism (disaggregated by source) (\$)	—	—
Volume public – total (\$)	\$124,834,515	\$25,763,861
Volume private – total (\$)	n.a.	n.a.
Direct funding (\$)	\$98,458,548	\$25,453,364
Parallel funding (\$)	\$26,375,968	\$310,497
<b>O.1.2</b> Number of participating countries which have been accredited from international climate funds and/or mechanisms to access international climate finance as result of LoCAL/UNCDF support	—	3
<b>O.2.1</b> Number and percentage of participating countries moving from the pilot phase (Phase I) to consolidation (Phase II) and from consolidation to roll-out of the PBCRG mechanism (Phase III)	1 country (Phase I → Phase II) 3 countries (Design → Phase I)	
Number of countries in design/scoping	13	
Number of countries in Phase I	9	
Number of countries in Phase II	6	
Number of countries in Phase III	2	
<b>Outputs</b>		
<b>R.1</b> Awareness and capacities to respond to climate change adaptation are increased at the local level		
<b>R.1.1</b> Number of targeted local authorities that regularly collect, update and analyse climate change information	n.a.	309
<b>R.1.2</b> Amount of capacity-building grants delivered to participating countries (\$)	\$6,272,618	\$2,238,737
<b>R.1.3</b> Number of national and local authorities' officials and community representatives who participated in awareness- and capacity-building activities (disaggregated by sex and subject area)	n.a.	2,854
Number trained male	n.a.	1,685

Indicator	2014–2021	2021
Number trained female	n.a.	1,169
Number trained on CC data usage (including early warning systems)	n.a.	105
Number trained on CCA planning and budgeting	n.a.	1,475
Number trained on CCA investment management and maintenance	n.a.	332
Number trained on CCA monitoring and evaluation	n.a.	43
Other	n.a.	899
<b>R.1.4</b> Number and percentage of participating local authorities meeting the minimum conditions without need for corrective action		
Absolute number	n.a.	186
Percentage over the target R.3.2	n.a.	63 %
<b>R.2</b> CCA is mainstreamed into government's planning and budgeting systems, and investments are implemented in line with the PBCRG mechanism		
<b>R.2.1</b> Number of targeted local authorities that have integrated CCA into their local planning and budgeting processes	n.a.	300
<b>R.2.2</b> Number and value of climate interventions and investments financed through the PBCRG mechanism (disaggregated by type: capacity building/equipment/infrastructure and ecosystem-based, sector and ecosystem)		
Number of investments	1,983	297
Value of the investments (\$)	32,893,191	6,754,638
<b>R.2.3</b> Percentage of local authorities that are promoting community-based governance in one or more domains of planning, contracting, monitoring and management for PBCRG investments	n.a.	54 %
<b>R.2.4</b> Percentage of PBCRG investments and interventions explicitly targeting women	n.a.	10 %
<b>R.3</b> The PBCRG system is effectively and sustainably established in participating countries and leads to an increased amount of CCA finance available to local government and local economy		
<b>R.3.1</b> Amount of PBCRG delivered to participating local authorities (\$)	\$25,033,639	\$7,596,143
<b>R.3.2</b> Number and average increase of local authorities actively using the PBCRG system in participating countries		
Absolute number	n.a.	295
Percentage increase over Year 1	n.a.	2 %
<b>R.3.3</b> Volume of domestic resources channelled through and/or leveraged by UNCDF-designed PBCRG mechanism (disaggregated by source) (\$)		
Volume domestic public (\$)	16,920,471	—
Volume domestic private (\$)		—
<b>R.3.4</b> Evidence of the institutionalization of the PBCRG system in participating countries through policy, regulatory or institutional reforms	3	Benin Bhutan Cambodia
<b>R.4</b> The role of local authorities and of the PBCRGs in addressing climate change are increasingly recognized at international level, through outreach and quality assurance		
<b>R.4.1</b> Number of high-level initiatives referencing UNCDF LoCAL experience	54	9
<b>R.4.2</b> Evidence of use of PBCRG/LoCAL knowledge and communication products by the climate and development international community (number)	4	2

Note: — = not available; n.a. = not applicable.



# section 3





# lessons and next steps

Experience and learning continue to be accrued across participating countries as LoCAL progresses through a second period of global expansion; this complements and supplements lessons gleaned from the first period of global expansion (2014–2018). The lessons learned and expertise developed will be critical in meeting the challenges ahead, as LoCAL seeks to address growing demand for deployment in new countries while maintaining and strengthening a standard mechanism across all LoCAL countries. This section looks at some of these challenges and lessons, and describes next steps as LoCAL moves forward.

## Challenges

LoCAL implementation has revealed some common challenges:

- Increased demand from new candidate countries and exponential growth in local governments in countries transitioning between phases require **increased LoCAL capacity in terms of both human and financial resources**. Quality assurance and technical assistance support are needed to ensure LoCAL standards are maintained and institutionalized.
- LoCAL **standards must be applied consistently** so as to provide all countries implementing the mechanism with a solid and trusted foundation for mobilizing and channelling climate finance at the subnational level and advancing local climate action. The ISO standard process LoCAL is presently pursuing and the training programme developed in partnership with UNITAR will go a long way towards ensuring consistency and accountability; it will also promote greater awareness of and traction for the LoCAL mechanism.
- As LoCAL expands and consolidates in countries with volatile political contexts, **flexible implementation arrangements in PBCRG deployment and operationalization** are needed to ensure vulnerable communities continue to receive most-needed support and funding to build their climate resilience. LoCAL is committed to working closely with partners to identify the best solutions to adjust to countries' specific circumstances and pursue their unique adaptation goals.
- **Absent or low capacity of local government staff** is observed across all LoCAL countries, albeit with variation. This deficiency – whether in climate change awareness, climate change adaptation mainstreaming, public financial management or investment management – has implications for the effectiveness and

promotion of resilience in communities and local economies. Maintaining a balance between the funds dedicated to capacity-building support and technical assistance and grants for investments is critical, especially in Phases I and II, but can be challenging to implement in a context of limited resources where hard investments are generally emphasized over soft programmatic components.

## Lessons learned

The following summarizes lessons learned since LoCAL entered its second period of global expansion.

- **Effective involvement of communities can create short-term job opportunities.** This lesson was gleaned from experience in **Nepal** and **Niger**, where local governments have been pursuing community contracting schemes to construct local infrastructure and rehabilitate ecosystems and thereby provide short-term job opportunities especially for youth, women and other vulnerable groups. Such experiences have been replicated in **The Gambia** and **Ghana**, where cash-for-work schemes, combined with skills development support and access to finance, have been used to create a demand for short-term jobs and actively involve the community in adaptation action.
- **LoCAL can support the climate-security nexus and help address underlying issues of instability in fragile contexts.** By contributing to building climate-resilient communities and economies in some of the world's most fragile contexts, LoCAL offers a viable approach to address the climate-security nexus in conflict-sensitive environments affected by the negative impacts of climate change. In **Mali**, through the support of the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) Peacebuilding Fund, LoCAL is contributing to mitigating the risks of intercommunal conflicts over natural resources, and supporting community-based participatory planning of locally led investments that take climate change and environmental risks into account. In **Niger**, LoCAL has partnered with the United Nations Development Programme, NDC Partnership and the Italian Fund for Migration to channel resources to subnational authorities in conflict-sensitive and migration-prone areas to invest in climate-sensitive sectors and create better livelihoods options for local communities.
- **To increase country ownership and overall international recognition, LoCAL needs strong political anchorage.** Since its inception, LoCAL has worked closely with ministries and agencies dealing with climate change, decentralization and finance to ensure effective coordination and buy-in from key central-level stakeholders. As a de facto public programme, LoCAL devolves strategic guidance and supervision responsibilities to a LoCAL technical committee, which brings together other sectoral ministries and directorates to ensure a shared trajectory on local resilience building through LoCAL as well as full ownership. At the regional and global levels, LoCAL has fostered political and technical anchorage across ministries dealing with local governments, finance and climate change/environment – including countries' GCF national designated authorities and UNFCCC national focal points – through in-country dialogue and practical collaboration on the ground with a network of highly committed LoCAL Ambassadors.
- **Climate risk and vulnerability assessments should incorporate local-level indicators.** Such assessments are an important component in ensuring effective subnational adaptation via climate risk-informed planning and budgeting at the local level, as gaps exist in terms of production, use and dissemination



of climate data at the subnational level. LoCAL's ongoing work on localized climate risk assessments and the development and establishment of a tailor-made LISA are useful resources to advance awareness and understanding of climate trends and properly factor climate and environmental risks into local decision-making.

These resources may also help central governments in accounting for subnational climate risks and impacts and feed into national climate agendas (including NAPs and NDCs) with evidence from local realities.

- **The design phase is crucial in ensuring the sustainability of the LoCAL phased approach.** Countries transitioning between phases often face difficulties in accessing regular and predictable climate finance. The design stage thus provides an important opportunity to plan at the outset for phase transitions from piloting to scale-up – particularly to ensure that funding is secured so the LoCAL mechanism can move smoothly and uninterruptedly from pilot to consolidation to national roll-out. This approach is especially relevant for candidate countries, as demand exceeds LoCAL's current global financing capacity. Beginning at the design phase, LoCAL works closely with government counterparts to advance PBCRG take-up as a country-owned mechanism for subnational climate finance and mobilize resources through national and international climate funds as well as bilateral funders.

## What's next

### Supporting countries to initiate and sustain LoCAL through the phased approach

LoCAL's experience during its global expansion shed light on the importance of subnational adaptation and of bridging national with subnational adaptation efforts; it also

highlighted the contribution of the local level to national climate change plans and goals such as NDCs and NAPs. Since its inception, LoCAL has demonstrably strengthened local government capacity to identify, prioritize and co-finance investments for climate change adaptation and the growing interest and attention of national governments across line ministries in scaling up subnational adaptation financing.

LoCAL will continue to support implementation of the LDC 2050 Vision for **all LDCs to deliver climate-resilient development pathways by 2030 and net-zero emissions by 2050**

to ensure that societies, economies and ecosystems thrive.

LoCAL will also continue to support countries in **sustaining their efforts** through a sequencing of aid and finance diversification, as highlighted below.

- Support **Bhutan** and **Cambodia** in accessing Adaptation Fund and/or GCF funding to expand PBCRGs as they progress through LoCAL Phase III
- Support **Benin** in pursuing direct access to international climate finance to roll out LoCAL to 25 communes
- Support **Burkina Faso**, **Côte d'Ivoire**, **Mali** and **Niger** in accessing GCF and other sources of finance to roll out to 80 communes, working closely with BOAD
- Support **Bangladesh**, **The Gambia**, **Ghana** and **Mozambique** as they expand through Phase II
- Support **Lesotho** and **Tuvalu** in supporting a bridging phase, while mobilizing partners for Phase II; and **Lao PDR** and **Nepal** in taking stock of and consolidating their work while mobilizing partners for Phase II
- Support **Burkina Faso**, **Malawi**, **Tanzania** and **Uganda** in successfully launching and implementing a first PBCRG cycle while mobilizing Adaptation Fund / GCF finance

and other partner sources of finance in transitioning to Phase II

LoCAL will continue to support candidate countries that have officially expressed interest in deploying the mechanism: **Côte d'Ivoire, Fiji, Guinea, Jamaica, Liberia, São Tomé and Príncipe, Senegal, Solomon Islands, Somalia, Sudan, Tunisia, Vanuatu** and **Zambia**. Their interest indicates that LoCAL is viewed as a sound vehicle to channel climate finance to the local level, while promoting vertical integration of NDC and NAP processes. LoCAL has worked with these countries to assess the necessary conditions for deployment, engaging key stakeholders and development partners, and collecting and validating the information and data needed to design LoCAL country mechanisms. Joint efforts with national counterparts will be pursued to secure funds from various sources. LoCAL is also supporting prospective countries with resource mobilization efforts that will allow deployment of Phases I and II.

## Global advocacy for institutionalization of the LoCAL/PBCRG mechanism

As described in section 2, LoCAL has spearheaded a series of actions to **support achievement of the LoCAL vision as a standard, internationally recognized country-based mechanism** for the delivery of subnational and local climate action, and as a proven avenue for the vertical integration of the NAP and NDC processes.

LoCAL will continue to work towards enhancing and building new partnerships, as well in achieving increased recognition and institutionalization of the mechanism in several forums. It will highlight LoCAL's potential role as an innovative delivery mechanism to strengthen the climate finance architecture and ensure support reaches the local level. Activities to this end include the following:

- Support LoCAL countries in raising awareness of LoCAL and seeing it **recognized as a non-market approach** under Article 6.8 of the Paris Agreement.
- Promote **intentional and strategic linkages** between international, national and subnational financing, planning, implementation, and monitoring and evaluation of climate action, bringing a financial perspective to the vertical integration of NDC and NAP processes. This work will be performed in close partnership with the LDC Expert Group, the NAP Technical Working Group, the NDC Partnership, the NAP Global Network, the NAP Global Support Programme and the new UN-led initiative UN 4 NAPs.
- Engage with UNFCCC financial mechanisms – in particular GCF and the Adaptation Fund – to **enhance (direct) access modalities** for locally led climate action, central governments and/or national implementing entities and the use of country systems rather than relying primarily on international intermediaries and project approaches (see box 3.1).

## Linking climate resilience and nature-based solutions

The Paris Agreement calls on all parties to recognize the role of natural ecosystems in providing vital services and goods that respond to both adaptation and mitigation aims. In-depth analysis of NDCs submitted to UNFCCC found that approximately 130 NDCs (or 65 per cent of signatories) commit to nature-based solutions in their climate pledges, suggesting broad consensus on the role of nature in helping meet climate change goals.

But high-level commitments do not always translate into robust, measurable actions on the ground. To this end, LoCAL offers an **opportunity to integrate and advance nature-based solutions in local climate action**. The PBCRG cycle provides practices and incentives

### Box 3.1: **Supporting direct access**

LoCAL is working with countries to support direct access to the Adaptation Fund and GCF and other climate finance entities and mechanisms to transfer resources to local governments and their communities through national systems for building verifiable climate change adaptation and resilience. Local government achievements in implementing climate change adaptation activities through the PBCRG mechanism have increased national government trust in both local governments and the decentralization process. In six LoCAL countries – **Benin, Bhutan, Cambodia, Mali, Niger and Tanzania** – a national body in charge of decentralization and/or involved with LoCAL and PBCRGs was nominated by its government as the country's first national implementing entity to be accredited for access to GCF resources. Benin, Bhutan and Cambodia have succeeded in getting these institutions accredited.

Going forward, LoCAL will continue to support countries in their accreditation efforts and submission of proposals to the Adaptation Fund and GCF's Enhanced Direct Access programme. Several meetings have taken place between the Adaptation Fund, GCF and LoCAL teams with a view to increasing knowledge on the potential contribution of the LoCAL mechanism in promoting resilience of communities and local economies through the PBCRG system, as well as to increase alignment and synergies with Adaptation Fund and GCF objectives and requirements. **LoCAL currently has an active Adaptation Fund / GCF pipeline of approximately \$185 million with 14 countries** and will focus on materializing efforts undertaken so far.

aimed at mainstreaming nature-based solutions for increased adaptation outcomes and mitigation co-benefits; for example:

- LoCAL **investment menus aligned** to NDCs and NAPs include categories and examples of nature-based solutions, such as ecosystem restoration approaches, ecosystem-based adaptation and area-based conservation approaches.
- **Climate risk assessments** increasingly consider ecological vulnerabilities and cost-benefit analysis promote a better understanding of nature-based solutions.
- Monitoring and evaluation and learning activities aim to **share good practices and knowledge** regarding nature-based solutions.

LoCAL Board decisions have paved the way for such engagement. Most recently, the [2021 LoCAL Board decision](#)

Reaffirms the call to LoCAL countries to explicitly address the subnational level dimension and consider the inclusion of the LoCAL mechanism in their National Adaptation Plans, Nationally Determined Contributions and Green Climate Fund country programmes, while promoting strong synergies with other Rio Conventions (Biodiversity Convention UN Convention to Combat Desertification) and Agenda 2030.

### **Promoting urban resilience through PBCRGs**

Demographics and climate change merge to confront urban areas with both challenges and opportunities. **PBCRGs provide an opportunity to address localization of climate-related SDGs** in both rural and urban areas while strengthening government systems – particularly intergovernmental fiscal transfers, local planning and budgeting, and local public financial management.

In this regard, the Asian Development Bank and LoCAL recently partnered on the study **Strengthened Decentralization Processes for Scaling up Climate Resilience Interventions That Support the Urban Poor in Asia**, which uses **Bangladesh** and **Nepal** as case studies to provide data and examples of urban local government finance systems.

LoCAL **mechanisms designed specifically for urban local governments** may soon be launched as adaptation needs in cities mount alongside demands from countries to address climate risks in urban settlements through PBCRGs.

### **Leveraging domestic private finance through PBCRGs**

Because a huge amount of financing is needed to enable the transition towards green and climate-resilient development in LDCs and other developing countries, new and additional financial support must be mobilized from multiple sources. The private sector can play a role in reducing this funding gap.

LoCAL will continue to **explore options to leverage PBCRGs to crowd in private sector finance**. UNCDF offers a wide range of de-risking financing instruments that can effectively be matched with the LoCAL mechanism to leverage local private capital to the benefit of climate-vulnerable communities. Examples of UNCDF/LoCAL efforts in this regard include **The Gambia** and the upcoming ABM initiative with AfDB. As LoCAL expands to urban contexts and lower-middle-income countries (e.g. **Ghana**) with more mature financial sectors and regulations on municipal finance, innovative business models may be explored to leverage the PBCRG mechanism for enabling private-public partnership projects for climate-resilient infrastructure and service delivery at the local level, as is being piloted in **Cambodia**. Complementarities with implementing partners are also being explored to widen the range of financing instruments available to local actors to access climate finance, as with the ongoing collaboration with BOAD for West Africa.



# annex



1- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་  
- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་ (Drinking water  
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2- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་  
- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་ (Drinking water  
ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་)

3- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་  
- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་ (Drinking water  
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4- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་  
- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་ (Drinking water  
ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་)

5- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་  
- རྒྱུ་ལྡན་གྱི་ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་ (Drinking water  
ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་ལྷ་མོ་)

3. Drinking water at Buli Gamba.  
Objective:- old water line.  
- Not enough  
- No main line for long time

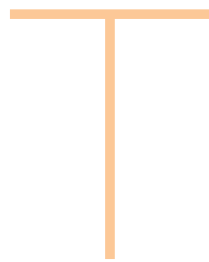
4. Lhakhang Renovation  
Objective:- Renovation  
- Old Lhakhang  
- The community  
- Cgi Sheets lead  
- Internal Statues damaged  
by leaking Rain water  
- Required immediate  
maintenance to protect  
Internal Artifacts.





# country profiles




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This annex consists of 17 country profiles which provide detailed information on the status of the LoCAL initiative in each participating country where the Facility is active. The 17 countries are as follows:

- Bangladesh
- Benin
- Bhutan
- Burkina Faso
- Cambodia
- The Gambia
- Ghana
- Lao PDR
- Lesotho
- Malawi
- Mali
- Mozambique
- Nepal
- Niger
- Tanzania
- Tuvalu
- Uganda




## Bangladesh

 <p><b>context</b></p>	<p>Climate change is expected to lead to a rise in sea level and surface temperatures with devastating consequences for Bangladesh, which sits on the low-lying delta of two of the largest river systems (the Ganges and the Brahmaputra) in the Indian subcontinent. One of the most densely populated countries in the world, the <b>impact of extreme climatic events such as floods and cyclones threatens the lives of many of its population</b>, whose number exceeds 160 million.</p> <p>Currently, there are <b>two national plans addressing climate change adaptation</b> in Bangladesh: the National Adaptation Programme of Action, developed in 2005 and subsequently revised in 2009; and the Bangladesh Climate Change Strategy and Action Plan, released in 2009. Bangladesh is currently developing its National Adaptation Plan, which will include an overview on climate change hazard, risk and vulnerability, as well as future recommendations on national, regional and local-level solutions for Bangladesh.</p> <p>Local governments in Bangladesh have been mandated to perform several key functions related to disaster preparedness and management. In the process, they have become important stakeholders in the climate change area. Local governments at the upazila (subdistrict) and union parishad (lowest tier of government) levels receive fiscal transfers which are used to strengthen local infrastructure and deliver services. LoCAL works with these local governments as well as with district and central-level authorities to mainstream climate change resilience into planning and investment systems and support <b>localization of the NDCs and national climate change adaptation goals</b>.</p>
 <p><b>objectives</b></p>	<p>The overall objective of LoCAL-Bangladesh is to <b>demonstrate the comparative advantage of local governments in managing climate change finance</b> for improving climate change resilience at the local community level. The specific objectives of the programme are to ensure that local governments can perform the following:</p> <ul style="list-style-type: none"> <li>■ <b>Respond to the increasing impact of climate change</b> in Bangladesh in accordance with locally prioritized needs and vulnerabilities, with sufficient consideration for the operation and maintenance of the infrastructure they support</li> <li>■ <b>Promote robust, transparent and accountable local public expenditure management systems</b> by providing funds to further consolidate meaningful, efficient, effective and participatory local planning and budgeting processes as well as strengthen incentives for climate change resilience</li> <li>■ <b>Support strengthening of the country's fiscal transfer system</b> and establishment of a strategic platform for the government to attract further financial support for local-level infrastructure and services in a sustainable, performance-based and climate change-resilient manner</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ LoCAL-Bangladesh began in 2014 with the roll-out of <b>performance-based climate resilience grants (PBCRGs) in 3 local governments and was rapidly expanded to 72</b>. LoCAL has been incorporated into Bangladesh's Local Government Initiative on Climate Change (LoGIC), an effort funded by Sida and the European Union, with input from the United Nations Development Programme and UNCDF. LoGIC uses LoCAL's system of PBCRGs to channel additional resources to local governments and support projects identified locally based on local-level adaptation needs.</li> <li>■ State-of-the-art <b>accounting and management information systems and adaptation tracking and measuring software</b> have been developed to support local governments. LoCAL has trained 72 union parishad secretaries in the accounting and information system software; field-level project staff have had hands-on training on entering and updating field-level data in the adaptation tracking app.</li> <li>■ A Risk Reduction Action Plan has been formulated to <b>integrate climate resilience investment plans and financing</b> through community risk assessment, capacity building and technical support for 72 union parishads, which have been approved with the engagement of standing committees and line departments.</li> <li>■ The <b>PBCRG model has been successfully integrated</b> into the Bangladeshi intergovernmental fiscal transfer system, with UNCDF funds transferred through the treasury and the Local Government Division of the Ministry of Local Government, Rural Development and Co-operatives to the union parishads.</li> <li>■ LoCAL serves as a <b>standard to advance the country's commitment to decentralized climate finance</b>. Experiences from LoCAL and LoGIC implementation have contributed to the development of a Local Climate Financing Framework, which has been shared with the Local Government Division of the Ministry of Local Government, Rural Development and Co-operatives to ensure a policy provision for decentralized climate finance in the revised National Climate Financing Framework. Local governments will subsequently have enhanced capacity to scale up the PBCRG system to all vulnerable upazilas in Bangladesh.</li> </ul>

## Bangladesh





 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>LoCAL is supporting the development of a <b>climate vulnerability index</b> to map exposure, sensitivity and adaptive capacity of all union parishads in the country. With the index, local administrations will be able to formulate appropriate responses to projected climate-induced disasters; at the national level, higher-vulnerability areas can be prioritized for early action or medium-/long-term adaptation interventions. A risk atlas has already been developed for 7 districts, 18 upazilas and 72 unions to help union parishads and communities understand the nature of climate change impacts and future forecasts.</li> <li><b>Positive financial audits were recorded for 72 union parishads</b>, with all union parishads qualifying for another cycle of PBCRGs.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>As of end 2021, <b>697 small-scale climate resilience measures had been financed</b> under LoCAL, 188 in 2021 alone. The investments delivered direct results for approximately 859,000 people.</p> <ul style="list-style-type: none"> <li>Priority investments included construction, reconstruction and repair of climate-adaptive infrastructure (drainage systems, culverts, embankments etc.) to protect human settlements and other critical facilities. Particular emphasis was on <b>mainstreaming nature-based solutions to withstand the impacts of climate change for disaster risk prevention</b>.</li> <li>Investments to <b>ensure the availability of drinking water</b> were also prioritized, including e.g. climate proofing of water supply systems and installation of filtering and desalinization technologies (especially in coastal areas). Rainwater harvesting systems were constructed at the community and household levels. Climate proofing of sanitation facilities was included as well, and flood-proofing of sanitary latrines in flood-prone areas.</li> <li>Many interventions focused on <b>promoting more climate-resilient livelihoods</b>. Investments included demonstration plots and capacity building on various climate-adaptive and environmentally friendly agricultural techniques (inter-cropping, hydroponics and green sheds for seedling) and crop varieties. Nearly 63,000 plant saplings were planted along roadsides to reduce soil erosion as part of nature-based solutions explored. Capacity building, awareness raising and equipment were also delivered to fishing communities to ensure safe and risk-informed practices taking more frequent climate-extreme events into account.</li> <li>Schemes undertaken took <b>extremely vulnerable groups</b> into consideration, such as communities displaced by climate-induced hazards, ethnic minorities and women. For instance, LoCAL is supporting destitute rural women in climate-vulnerable areas with capacity building on access to market and income-generating activities, helping improve their adaptive and absorptive capacity.</li> </ul>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>Initial engagements revealed <b>strong demand and willingness on the part of local governments</b> to improve communities' resilience to climate change. This facilitated LoCAL buy-in at the local level and cooperation.</li> <li>Intergovernmental coordination can sometimes be time-consuming and cumbersome in planning, fiscal transfer and execution of schemes. <b>Clearer procedures and protocols</b> may ease these processes.</li> <li><b>Greater availability of data on local-level climate trends</b> and climate change impact on local communities may help in better planning and prioritizing the most effective interventions. Building on past work, the climate vulnerability index and risk atlas will further help to bridge the data gap for risk-informed decision-making.</li> <li>A more <b>systemic approach to the integration of nature-based solutions</b> into adaptation planning is providing interesting learning for innovative disaster prevention measures (e.g. protection walls combined with reforestation and wetlands preservation for flood prevention). This effort is supported through a partnership with the Bangladesh University of Engineering Technology and the Center for Natural Resource Studies.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>Finalize the mid-term evaluation and take stock of learning emerging from LoCAL/LoGIC design and implementation.</li> <li>Disburse the third round of PBCRGs to 72 upazilas, following the design and cost estimation of the PBCRG schemes for 2022. This will include continuing to assess adaptation options and exploring non-traditional investments to further increase the effectiveness of adaptation responses at the local level, in light of emerging literature on nature-based solutions with important mitigation co-benefits.</li> <li>Advance institutionalization of the mechanism in view of integration of LoCAL performance indicators in the government's local government monitoring indicators, the inclusion of climate vulnerability indicators in the allocation formula of the country's intergovernmental transfer systems, and the provision for climate change additionality in subnational budgeting.</li> </ul>

## Benin

 <p><b>context</b></p>	<p>A 2008 evaluation of Benin's national vulnerabilities identified <b>three major climate risks: drought; late, heavy rains; and flooding</b>. The resources with the highest exposure to these risks are drainage basins, subsistence agriculture and water resources. The most exposed social groups are small farmers, market gardeners and emerging farmers, and fishermen. A vulnerability and adaptation to climate change study identified four vulnerable sectors: the coast, water resources, forestry and agriculture.</p> <p>Benin's nationally determined contributions (NDCs), initially submitted to the UN Framework Convention on Climate Change (UNFCCC) in 2015, cite <b>LoCAL-Benin as a measure towards bridging the gap for financing adaptation to climate change at the local community level</b> while building local institutional and technical capacity to address climate risks and challenges. The country looks to extend LoCAL to all 77 of its municipalities as part of its NDC goals.</p> <p>The communes in Benin are independent in both financial and management terms, and a national funding mechanism for local development, the Commune Development Fund (FADeC, Fonds d'appui au développement) supports them. <b>Communes are responsible for environmental protection</b>, as confirmed by the Environmental Governance Charter; however, the 2003 National Adaptation Strategy does not specify a role for them in the national effort to plan and implement appropriate adaptation measures.</p>
 <p><b>objectives</b></p>	<p>The aim of LoCAL-Benin is to <b>demonstrate and highlight the role communes could play in promoting local climate change adaptation/resilience measures</b>, through integrating climate funding in budget transfer mechanisms and planning/allocation of local resources. Expected results of LoCAL-Benin are as follows:</p> <ul style="list-style-type: none"> <li>■ <b>Capacity building</b> (in financial, technical and governance terms) in pilot communes with regard to programme management of climate change adaptation/resilience activities</li> <li>■ Methods and procedures to <b>integrate adaptation/resilience to climate change in planning processes</b> and allocation of commune resources designed and tested for subsequent extension to all communes in the country</li> <li>■ Climate change <b>adaptation measures funded in a transparent and participatory manner</b>, through climate resilience grants (based on commune performance as measured on an annual basis)</li> <li>■ A <b>commune performance evaluation system</b> (including indicators and an evaluation method) developed and tested for subsequent extension to all communes in the country</li> <li>■ <b>Greater awareness</b> among commune councillors and local populations of climate change phenomena and the vulnerabilities arising from them</li> <li>■ <b>Lessons learned</b> from LoCAL-Benin implementation documented, shared and disseminated on a wide scale</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ Benin was the <b>first African country to deploy LoCAL</b> in 2013. LoCAL-Benin has initially been implemented in the northern communes of Boukoumbé, Copargo and Toukountouna (total population: 195,068), which are located in Benin's most vulnerable agro-ecological areas and have the institutional capacity to handle climate change-related concerns.</li> <li>■ The <b>positive pilot experience secured the backing of the National Fund for Environment and Climate</b> (FNEC, Fonds National pour l'Environnement et le Climat) in 2017, when three additional communes – Coby, Matéri and Ouaké in the Atacora and Donga Departments – were supported to plan and budget climate change adaptation activities with LoCAL support. The communes of Banikoara, Karimana and Malanville initiated implementation of a cycle of adaptation measures in 2017. In 2019, FNEC co-financed PBCRGs in the communes of Matéri and Ouaké; the \$120,000 provided was obtained in part from ecotax revenues.</li> <li>■ The <b>LoCAL/PBCRG system has been cited as a key measure to support achievement of NDC goals at the subnational level</b> – clear evidence of the institutionalization and ownership of the PBCRG system in Benin.</li> <li>■ With UNCDF/LoCAL support, <b>FNEC was accredited as Benin's national implementing entity</b> with the Green Climate Fund (GCF). FNEC submitted a GCF concept note for LoCAL scale-up to 30 communes, and a LoCAL Phase II framework has been designed.</li> <li>■ The <b>Adaptation Climate Change Fund of the African Development Bank (AfDB) approved a grant envelop</b> to support LoCAL-Benin in (i) development of high-quality, bankable projects aligned with the NDCs; (ii) identification and strengthening of national institutions and stakeholders to access GCF; and (iii) small-scale adaptation initiatives targeting vulnerable communities via the PBCRG system.</li> </ul>



## Benin

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ With AfDB support, <b>LoCAL-Benin is exploring options to strengthen access to climate information at the subnational level</b> through local climate information systems and by expanding the range of instruments and approaches that, coupled with the PBCRG system, may facilitate mobilization of private sector finance for local adaptation action.</li> <li>■ In response to Benin's request for <b>support on NDC implementation</b>, LoCAL is providing capacity development support to the Permanent Secretariat of the National Commission on Local Finance and the Training Centre for Local Government on climate change adaptation mainstreaming into local planning and budgeting processes.</li> <li>■ The 2021 annual performance assessment highlighted <b>decreasing performance for most of the communes involved with LoCAL</b>, with only four accessing a new PBCRG cycle. The others will be supported throughout 2022 to put in place the needed corrective measures to be eligible next year. LoCAL will continue engage with the government to ensure sufficient resources are made available to provide local governments with adequate technical assistance and capacity building, in addition to investment proceeds.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>To date, <b>24 adaptation measures in nine communes received financing through PBCRGs</b>. Overall, 71,000 people are reported to have benefited (or will benefit) from PBCRG-financed investments; 55 per cent of these are women. These measures mainly focus on the following:</p> <ul style="list-style-type: none"> <li>■ <b>Rehabilitation/improvement of community ponds</b> in an effort to revitalize the local aquaculture sector as an alternative livelihood option for local communities as well as water retention infrastructure for supporting agro-pastoralism</li> <li>■ <b>Construction/rehabilitation of wells and irrigation facilities</b> to ensure water availability for irrigated fields throughout the year and maintenance of market garden yields, as a key income-generating activity especially for women</li> <li>■ <b>Capacity-building activities on climate-resilient crop varieties</b>, i.e. climate-resilient rice varieties and cost-efficient agricultural practices in two communes.</li> <li>■ <b>Water-related infrastructure</b> (e.g. boreholes) to ensure a supply of potable water in rural villages affected by water scarcity</li> </ul>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ By providing PBCRGs in addition to regular transfers, <b>LoCAL has helped make the Beninese public funding system more robust and transparent</b>. Special attention was paid to the mechanism's design – in particular, the choice of minimum access conditions and performance criteria for local governments.</li> <li>■ The <b>PBCRG model is fully aligned with the country's national investment fund transfer system</b> for local authorities and embedded in the country's climate change strategy (the NDCs). This will deepen and broaden confidence in the system over the long term, helping local governments obtain access to international adaptation finance.</li> <li>■ <b>Technical assistance and capacity-building grants are as important as investment grants</b> since the former enable proper execution of investment activities for adaptation at the local level. Operating with constrained resources for capacity development and support may hamper the performance of target communes, which may lose access to much-needed funds for locally led adaptation.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ Phase II will continue throughout 2022 with co-financing from the government and AfDB. LoCAL and its partners will work to enable all nine local governments to access and implement the next PBCRG cycle during the year. This will be done through tailored technical assistance as discussed by the LoCAL-Benin Technical Committee, which developed a detailed work plan to address all identified gaps within commune/department functions and structures.</li> <li>■ LoCAL will continue to support FNEC in developing and submitting a full proposal to GCF to scale up LoCAL in 25 communes. FNEC and LoCAL will work to have the funding proposal tabled for the last 2022 GCF Board in October and to begin implementation in 2023.</li> <li>■ LoCAL-Benin will continue technical assistance and capacity development assignments to reinforce the overall architecture of LoCAL deployment in Benin. Advocacy and resource mobilization efforts will be undertaken to ensure adequate funding is available to achieve the highest standards and impacts through the LoCAL mechanism.</li> <li>■ As the decentralization reforms approved in December 2021 are enacted, LoCAL-Benin will take all necessary steps to ensure a smooth transition and onboarding of new structures/officials so as to continue delivering adaptation benefits to communities.</li> </ul>

## Bhutan



### context

As a least developed, mountainous and landlocked country situated in the geologically fragile Himalayas, Bhutan is extremely vulnerable to climate change. **Environmental conservation has been at the centre of the Government of Bhutan's development policies and plans** since the inception of the 1st Five-Year Plan; recent five-year plans have emphasized mainstreaming climate change, the environment, disaster risk management, gender and poverty reduction as cross-sectoral concerns. Guidelines in this regard were set for formulation of the 11th Five-Year Plan (2013–2018) and carried onward in the ongoing 12th Five-Year Plan (2018–2023).

**Decentralization reforms in Bhutan were initiated in 1981** by royal decree to institute a *dzongkhag* development committee in all dzongkhags; this was followed by institution of a *gewog* development committee in all gewogs in 1991. The role, mandate and capacities of local governments – particularly with regard to sustainable development – have been significantly strengthened through recent legislation, regulations and programmes. Notably, the Local Governance Sustainable Development Programme initiated in 2013 assists local governments in implementing block grants allocated for sustainable local community development, while developing their capacity for good governance and improved public service delivery. LoCAL support is embedded in this programme. A draft decentralization policy has also been developed aimed at enabling local governments to provide democratic and accountable governance to local communities, deliver public services in a sustainable manner, and mobilize local community participation in matters of local community development.

**Bhutan is a carbon-negative country** and has internationally pledged to remain carbon-neutral for all time to come, and has embarked on a policy of green economic development. Bhutan's intended nationally determined contribution priority adaptation actions – based on information in the country's national adaptation programme of action, vulnerability and adaptation assessment in its Second National Communication and other sectoral plans and programmes – include increasing resilience to the impacts of climate change on water security through integrated water resource management; promoting climate-resilient agriculture to contribute towards achieving food and nutrition security; sustainable forest management and conservation of biodiversity; and strengthening resilience to climate change-induced hazards. Bhutan also is formulating its first national adaptation plan, which is envisaged to be completed by 2023.



### objectives

The overall goal of the LoCAL-Bhutan initiative is to **improve the adaptive capacity and resilience of local communities to climate change** with increased access to climate change adaptation financing through performance-based climate resilience grants (PBCRGs). The programme's core objectives are to ensure that dzongkhags and gewogs can accomplish the following:





- **Respond to the increasing impact of climate change on local livelihoods** and livelihood assets in accordance with community-prioritized needs and vulnerabilities in a sustainable manner
- Promote **robust, transparent and accountable public financial management/public expenditure management systems** by providing funds to make the local planning and budgeting process meaningful, efficient, effective and participatory with particular emphasis on strengthening incentives for integrating climate change adaptation needs in local investments
- **Train participating local governments** to develop their knowledge and skills for planning and integration of climate change adaptation in local development investments






### achievements

- **Bhutan and Cambodia were the first countries selected by LoCAL to pilot PBCRGs**; their efforts served to validate the approach. LoCAL-Bhutan was initiated in 2011 in two gewogs in two dzongkhags. It has since been extended to **100 gewogs across 16 of the country's 20 dzongkhags** with budgetary support from the European Union (EU) and technical support from LoCAL.
- LoCAL's **successful integration in the Local Governance Sustainable Development Programme** has been instrumental in supporting local governments in developing and rolling out guidelines, supporting participatory climate vulnerability assessments and integration of adaptation in local development planning, and raising awareness.
- LoCAL grants effectively **apply existing national capital grant rules and regulations** for allocating, channelling and reporting on funds while strengthening the overall intergovernmental fiscal transfer system and piloting innovative features (e.g. for performance measurement).
- The **Assessing Climate Change Adaptation Framework (ACCAF)** was successfully piloted in Bhutan and is now being rolled out to other LoCAL countries.
- The **Bhutan Trust Fund for Environmental Conservation (BT FEC)** was nominated as the **Green Climate Fund (GCF) national implementing entity** with a view to scaling up LoCAL. With LoCAL support, BT FEC was accredited in early 2020. LoCAL and BT FEC are collaborating to submit a concept note to GCF to support Phase III.

## Bhutan

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ Building on its positive GCF accreditation experience, BTFEC is further leveraging LoCAL support to <b>fast track its accreditation to the Adaptation Fund</b>, paving the way for more diversified funding sources to sustain LoCAL national roll-out. Similarly, the Bhutan National Bank is pursuing GCF accreditation with LoCAL support.</li> <li>■ In 2021, LoCAL and the World Resources Institute (WRI) launched evaluation research to document and assess how climate finance has been reaching the local level in Bhutan and its effectiveness in achieving adaptation results through LoCAL. It especially focuses on documenting <b>whether and how local-level climate finance is making a tangible impact on individuals and communities on the ground</b>. The report is expected to be released in 2022.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>Since 2012, more than 344 small-scale investments have been realized through PBCRGs in 100 gewogs, 30 in 2021. The following are among the core adaptation priorities financed to date:</p> <ul style="list-style-type: none"> <li>■ Infrastructure works aimed at <b>improving farm roads for enhanced climate resilience</b> – this involved slope stabilization of landslide-vulnerable areas, rectification/improvement of the drainage system and construction of a causeway</li> <li>■ Construction of <b>elevated bridges to overcome risks posed by swollen rivers</b> and streams during heavy rain events</li> <li>■ <b>Improvement of rural water supply schemes</b> – this involved tapping new/additional water sources, protecting water sources and their enhancement through planting water-conserving species, upgrading water tanks to increase storage capacity, and/or replacement of water supply lines with climate-resilient materials</li> <li>■ <b>Community water harvesting and improvement of irrigation systems</b> by rehabilitating irrigation channels and installing climate-resilient pipes to distribute irrigation water more effectively and improve agricultural productivity and farm livelihoods</li> <li>■ Soil conservation and <b>landslide risk mitigation works</b>, such as planting bamboo and hedgerows and contour bunding to prevent soil erosion and protect agricultural lands</li> <li>■ Development of <b>stormwater drainage</b> to mitigate flood and landslide risks to farmlands, schools, homes and other public and private properties in rural areas</li> </ul>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ The introduction of LoCAL PBCRGs has promoted <b>robust, transparent and accountable public financial management/public expenditure management systems</b> while addressing local climate adaptation priorities. Bhutan is implementing LoCAL Phase III, using EU budget support to finance PBCRGs.</li> <li>■ The PBCRGs have been effective in transferring adaptation finance directly to dzongkhags and gewogs and in providing an incentive for local governments to think about and plan for climate change adaptation actions. Using existing government systems and procedures with limited additional requirements has improved efficiency in spending and allowed for low transaction costs, while <b>creating strong ownership</b>.</li> <li>■ Baseline and monitoring assessments have provided <b>useful information about local government capacity</b> in terms of areas to be strengthened and performance trends in climate change and public financial management. Participatory climate risk assessments at the local level have supported planning and prioritization for using grants in climate change initiatives.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ Integrate PBCRGs as a mechanism of climate change adaptation governance in an Adaptation Fund project proposal being developed by BTFEC, following its fast-tracked accreditation.</li> <li>■ Develop a full-fledged GCF funding proposal for nationwide roll-out of PBCRGs covering all 205 gewogs and develop complementary capacity of local governments to mainstream climate adaptation and implement grants effectively and efficiently.</li> <li>■ Update the performance assessment manual, climate change adaptation planning and the investment menu in response to the needs of scaling-up PBCRGs and taking into account recent changes in annual capital grant financing to local governments. Explore linking PBCRG performance assessment in the overall Government Performance Management System so that the mechanism becomes internalized and sustainable.</li> <li>■ Finalize the WRI-LoCAL evaluation research on effectiveness of LoCAL in delivery locally led adaptation in Bhutan. This evidence can be used by the Government and other relevant partners to highlight the results of action already taken, learn from experience, make the case for channelling additional finance to the local level for adaptation, and showcase Bhutan's pioneering work in this area.</li> </ul>

## Burkina Faso

 <p><b>context</b></p>	<p>Climate change is a major concern for Burkina Faso because of its high exposure and vulnerability. The country is <b>prone to recurrent and increasingly frequent and serious natural disasters such as drought, floods and locust invasions</b>. These are expected to exacerbate as the climate changes. In fact, climate projections suggest that Burkina Faso will experience a rise in temperatures in line with the trend in West Africa, which projects average annual temperature increases of a median value of 0.9°C by 2035, 2.1°C by 2065 and 4.0°C by 2100 (RCP 8.5). Burkina Faso could experience a late end to the rainy season and an increase in the duration of dry spells; overall, the uncertainty associated with future rainfall patterns in West Africa makes it difficult to understand the potential implications of climate change for Burkina Faso's people and economy.</p> <p>Studies on the <b>assessment of vulnerability and adaptation capacities to climate variability</b> were carried out within the framework of the National Adaptation Plan (2015) and its sectoral studies. These indicate the most vulnerable key sectors (agriculture and animal resources, forestry/ biodiversity, water resources) and the most vulnerable groups (poor rural populations, particularly women, young people and small agricultural producers).</p>
 <p><b>objectives</b></p>	<p>LoCAL–Burkina Faso aims to contribute to strengthening the climate resilience of communities and local economies through <b>increased access to climate finance and action at the local level</b>. LoCAL–Burkina Faso will support the government and local authorities in achieving the objectives of the Paris Agreement and facilitate vertical integration of the nationally determined contributions and the National Adaptation Plan, while contributing to achieving national development strategies – especially in terms of promoting resilient local economies and sustainable livelihoods. LoCAL will achieve these through two objectives:</p> <ul style="list-style-type: none"> <li>■ <b>Strengthen the capacity of local authorities</b> in Burkina Faso to access climate finance for the realization of investments for adaptation to climate change</li> <li>■ <b>Establish a standard and internationally recognized country-based performance-based transfer mechanism</b> to channel climate finance (national and international) to local authorities.</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ LoCAL has engaged with Burkina Faso since 2019, when the government first expressed interest in deploying the mechanism and in <b>working with three other West African countries (Côte d'Ivoire, Mali and Niger) to prepare and submit a funding proposal to the Green Climate Fund</b> in partnership with the West African Development Bank (BOAD) to enable direct access to pilot and consolidate LoCAL in these countries.</li> <li>■ LoCAL–Burkina Faso design was undertaken in 2019 and validated in September 2020 through wide stakeholder consultations with key decentralization, climate change and finance state and non-state actors. Since then, LoCAL and the Government of Burkina Faso have worked together to <b>further mobilize resources and elevate LoCAL in the country</b>, as well as internationally, as a standard and recognized financing mechanism to channel climate finance for locally led adaptation. Burkina Faso is a signatory to the LoCAL Ministerial Declaration of 2021 and has supported positioning LoCAL as an LDC long-term initiative supporting implementation of the LDC Vision 2050.</li> <li>■ With funding from Sweden, the Government of Burkina Faso and LoCAL <b>committed to launch a Phase I pilot</b> with three local governments in late 2021. A memorandum of understanding with the Ministry of Environment, Green Economy and Climate Change was signed to transfer the tranche of PBCRGs through the Environment Investment Fund (FIE). A letter of agreement was signed with FIE to operationalize the mechanism, mobilize key stakeholders and provide assistance and oversight support to pilot communes during PBCRG deployment. Key stakeholders include the National Council for Sustainable Development and its Permanent Secretariat, the General Directorate of Local Authorities within the Ministry of Territorial Administration, Decentralization and Social Cohesion, and the General Directorate of Territorial Development.</li> <li>■ Following in-country consultations, <b>three local governments in three regions (Centre-Nord, Centre-Ouest and Nord) have been selected</b> based on their exposure to climate change threats, strong degradation of natural resources and high risk of water stress and have been sensitized on LoCAL.</li> <li>■ To further support Burkina Faso in understanding climate change and its potential impacts, LoCAL is undertaking a <b>climate downscaling exercise</b>. Downscaling allows climate models to home in on climate variability at the local level, providing the basis to identify current and future risks in different localities of the country.</li> </ul>

## Burkina Faso



### way forward





- Formally establish, via ministerial decree, the LoCAL Technical Committee to ensure oversight and overall governance of LoCAL–Burkina Faso.
- Provide technical assistance to FIE to support operationalization of the LoCAL PBCRG system as per the design document. PBCRG manuals will be developed for FIE and the communes to ensure smooth deployment of the PBCRG cycle, including the annual performance assessment.
- Sign memorandums of understanding between the selected communes and FIE to formalize their participation in the LoCAL pilot and ensure compliance with the LoCAL standard, while providing modalities for PBCRG transfers.
- Through FIE and partners and with LoCAL direct technical assistance, deploy needed support to the three pilot local governments to identify risks and responses to climate change. Local development plans will be scrutinized to assess their level of integration of climate change considerations and eligibility for PBCRG financing. Tailored capacity-building and technical assistance support will be subsequently mobilized.
- Finalize the downscaling analysis with the involvement of key stakeholders, including the national Meteorological Office, the West African Science Service Centre on Climate Change and Adapted Land Use, and Burkina’s Geographic Institute.



## Cambodia

 <p><b>context</b></p>	<p>With a high poverty rate and a predominantly agrarian economy influenced by the hydrological behaviour of the Tonle Sap and Mekong River systems, Cambodia is ranked <b>one of the most climate-vulnerable countries in the world</b> and is expected to experience increased variation in, and intensity of, precipitation. Over 2 million farming households, or over 8 million people, rely on the climate for their livelihoods. Coastal communities and ecosystems will be affected by sea level rise. Low-lying areas will be increasingly prone to floods, while the higher areas are likely to experience more incidences of drought. Increases in temperature and humidity may create conditions of increased health risk to humans and an exacerbation of diseases in crops and livestock. These changes will amplify and compound already existing development challenges.</p> <p>In the last few years, the Government of Cambodia has developed a <b>responsive policy framework</b>, with over 21 state agencies under the helm of a National Climate Change Committee administered by the Climate Change Department of the Ministry of Environment. Within this framework, the latest National Strategic Development Plan streamlines sectoral climate change strategies and action plans to guide the country's climate change response over the next decade, including at the local level. Cambodia's updated nationally determined contributions place added emphasis on adaptation measures in vulnerable sectors, namely agriculture and water resources, forestry, coastal zones, and human health.</p> <p>National adaptation plan development is being used to strengthen ongoing climate change adaptation processes through cross-sectoral programming and implementation at the national and subnational levels; this is expected to inform future climate change strategies, financing frameworks, and national development planning and budgeting. LoCAL-Cambodia is aligned with these plans and processes. The <b>increasing relevance of local governments</b> emerged in 2008, when the National Committee for Subnational Democratic Development (NCDD) was established as the inter-ministerial mechanism for promoting democratic development through decentralization and deconcentration reforms throughout Cambodia.</p>
 <p><b>objectives</b></p>	<p>The objective of the LoCAL-Cambodia initiative, the <b>Local Governments and Climate Change Project (LGCC)</b>, is to demonstrate the role of local governments in fostering climate change resilience and identify practical ways to mainstream climate change resilience into subnational planning and finance systems. The project's major outcomes and related outputs are as follows:</p> <ul style="list-style-type: none"> <li>■ <b>Increased awareness</b> of climate change and potential adaptation and resilience-building responses among subnational governments and local communities</li> <li>■ <b>Integration</b> of cross-sectoral, analysis-based strategies for building climate change resilience in subnational plans and investment programmes</li> <li>■ <b>Systems and procedures for mainstreaming</b> climate change resilience within subnational government public expenditure management systems in a fiscally sustainable manner proven and available for scale-up</li> <li>■ <b>National guidelines</b> for subnational public expenditure management (e.g. subnational and annual budget planning, investment programming, medium-term expenditure framework) facilitate mainstreaming of climate change resilience, particularly through cooperative actions between district/municipal and commune/sangkat councils and administrations</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ Cambodia and Bhutan were the first countries selected by LoCAL to pilot performance-based climate resilience grants (PBCRGs); their efforts served to validate the approach. <b>LGCC Phase I</b> was launched in three local administrations in the Takeo Province: Doun Keo Municipality and the Bati and Borei Chulsar Districts.</li> <li>■ Cambodia successfully moved to <b>Phase II</b> (2016–2019), a bridging period aimed at strengthening systems and building capacity for full roll-out of subnational climate change adaptation finance. The scale-up was implemented in partnership with the International Fund for Agricultural Development's Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE), which supports climate-adaptive productive infrastructure in 50 districts, and the United Nations Development Programme's Strengthening Resilient Livelihood. The scaling-up programme benefited 32 districts in 8 provinces under ASPIRE.</li> <li>■ The NCDD Secretariat (NCDD-S) was nominated in 2015 as a national implementing entity for the Green Climate Fund (GCF). With support from UNCDF, NCDD-S accreditation was approved by the GCF Board in 2019 and became the <b>world's first GCF national implementing entity dealing with local governments</b>. The lessons learned from Cambodia and the NCDD-S during the GCF accreditation process serve as good practice for other least developed countries engaging with LoCAL. LoCAL is supporting NCDD-S in preparing a concept note to GCF to continue scale-up of the mechanism under Phase III. A readiness proposal to ensure continued technical assistance, capacity building and quality assurance while scaling up LoCAL was also drafted for submission to GCF.</li> </ul>

## Cambodia

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>Initiatives were undertaken to <b>improve climate change adaptation mainstreaming</b>, including adoption of a new climate vulnerability mapping tool (with trainings to relevant local authorities) and alignment of rankings along a Climate Change Vulnerability Index to select new potential local partners (which is part of the National Climate Change Monitoring and Evaluation Framework), as well as performance assessments in targeted districts which allow for transfers of new PBCRG cycles. LoCAL also contributed to the development of NCDD-S policies on environmental and social safeguards and gender; preparation of a performance-based grants manual; and identification of a partnership project for climate-adaptive water supplies in a Battambang district with K-Water and the Korean Ministry of Land and Transport.</li> <li>Cambodia was selected by UNCDF and the World Resources Institute as one of three pilot countries to <b>test the Assessing Climate Change Adaptation Framework (ACCAF)</b> to monitor the extent to which LoCAL country programmes contribute to increased resilience and capacity building for adaptation. The country is rolling out ACCAF to additional LGCC districts.</li> <li>With financial support from the Korean Ministry of Environment, the <b>Scaling Up Climate Resilience Grants in Cambodia: Innovative Decentralized Water Solutions to Provide Safety and Resilience for Residential Water Systems</b> supports local governments in leveraging public and private sector investment in projects with the potential to generate cash flow through water tariffs and user fees. Implementation began in 2020; throughout 2021, progress was made in defining the private-public partnership (PPP) framework to support financing and operation of a water supply system in Battambang Province.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>Overall, <b>538 adaptation measures have been financed through PBCRGs</b>. The largest share of investments are aimed at improving transport systems, especially during the rainy season, for people and goods; followed by those aimed at strengthening the resilience of agricultural systems and improving the availability of potable and safe water and disaster prevention and preparedness.</p> <p>Of the 538 projects financed, 450 are <b>small-scale infrastructure projects</b> mainly entailing construction of elevated roads/bridges and renovation/construction of rural/farm roads; restoration/protection of irrigation canals; and rehabilitation/construction of water gates, sewage systems and community ponds. Several <b>capacity-building and awareness-raising activities</b> were also supported – e.g. on climate change causes and effects (both for local authorities and communities), agricultural climate-resilient practices (improved varieties of rice, good agricultural practices, cattle farming, etc.), health and sanitation (prevention of climate change-borne diseases, personal hygiene, etc.) and general environmental protection.</p>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>Local governments have adequate capacity for simple climate change response actions, but <b>further capacity development</b> is needed: e.g. public expenditure management systems need further strengthening, and monitoring and evaluation of local climate change adaptation is a work in progress.</li> <li>Smarter systems are needed to facilitate scale-up, and more partnerships are needed to ensure sustained change at the local level.</li> <li><b>Changing people's attitudes, behaviours and practices is generally complex</b>, especially regarding climate change because of its unpredictability, lack of accurate data and the uncertainty of success of innovative technologies and practices. The involvement of subnational governments and local communities is key to ensure adaptation results at the local level.</li> <li><b>Infrastructure subprojects are generally more appealing</b> to subnational governments and local communities than soft adaptation measures because of the multiple and immediate benefits. Hard and soft approaches are complementary, and their application ensures understanding of climate change within local decision-making structures and communities as they evaluate local vulnerabilities, local capacities and measures on the ground.</li> <li>An innovative and ambitious concept and approach such as PBCRGs requires <b>long-term policy support</b>. To facilitate this, advocacy and knowledge sharing is needed to inform policy-makers with evidence from the field.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>Cambodia will expand implementation of LoCAL Phase III. In line with the concept note submitted to GCF, up to 20 districts may receive GCF-funded PBCRGs through the existing fiscal transfer system. In combination with other funding sources, this may allow full scale-up of LoCAL nationwide. UNCDF will continue to provide support to Cambodia in mobilizing additional resources for scaling-up PBCRGs.</li> <li>Together with K-Water, Cambodia will continue to implement the Innovative Decentralized Water Solutions to Provide Safety and Resilience for Residential Water Systems project. The pilot is expected to provide learning and best practices on how to improve access to water in remote rural areas leveraging innovative PPP models.</li> </ul>

## The Gambia



### context

The Gambia's **fragile economic and social profile makes it particularly vulnerable to a number of potential shocks**, including climate change and weather extremes. In 2014/2015, the double shock of drought and the Ebola scare led to rising food insecurity rates and increasing migration to urban areas or overseas, particularly Europe. An estimated 57 per cent of the Gambian population now live in the urban areas. The Gambia needs support in paradigm change and the creation of efficient democratic institutions. Job creation and social inclusion are key to ensuring this goal.

Climate change impacts are expected to put considerable pressure on the country's natural and societal systems, with decreasing rainfall projected to intensify salinization and acidification of lowland soils across the country, affecting marginally productive soils or soils most exposed to climate stressors. The Gambia is committed to advancing its national adaptation plan process and intends to **transition from project-based adaptation planning and implementation to an integrated approach**, with a focus on vulnerable economic sectors and social groups (including women, youth, indigenous peoples and local communities) and ecosystems. LoCAL–The Gambia is aligned with and responds to these goals.



### objectives

**LoCAL–The Gambia is one of three components of the Jobs, Skills and Finance for Women and Youth in The Gambia (JSF) Programme** funded by the 11th European Development Fund. The programme aims to help stabilize the country's economic, social and security situation during its democratic transition by facilitating the social inclusion and employment of youth and women, with a specific emphasis on promoting gender equality and addressing climate change. It will accomplish this goal through two components:

- Job creation for youth, women and local communities and equal access to employable skills development
- Improved access to finance





Activities undertaken as part of the first component, featuring the LoCAL performance-based climate resilience grant (PBCRG) approach, **aim at creating jobs, particularly in the green economy**. Local authorities and communities are supported in identifying needs in priority sectors and in planning investments accordingly. Support is provided to increase the number, quality and accessibility of vocational training schemes offered to youth and women. Activities under the second component facilitate access of micro, small and medium-sized enterprises to financial services, with a particular focus on youth and women. Public-private partnerships are being established for local relevant employment creation and economic development.



### achievements

- Following technical missions and a consultative meeting to draft and validate LoCAL design in 2017, the **JSF Programme was officially launched in October 2018**, including the establishment of the JSF National Steering and LoCAL Technical Committees. In the first half of 2019, a memorandum of understanding was signed between UNCDF and the Ministry of Lands and Regional Governments (MoLRG) and the Ministry of Finance and Economic Affairs for deployment of the LoCAL mechanism and associated PBCRGs.
- A letter of agreement was signed between UNCDF and MoLRG to provide the ministry with operational support for successful implementation of LoCAL/JSF activities, including **capacity development support to key governance structures**. A letter of agreement was also signed with the Office of the Auditor General to provide guidance, training and supervision to wards on good governance and financial management; under this agreement, support is provided for annual audits of the wards on budget execution, use of funds and compliance with national public finance management.
- Since then, 20 ward development committees (WDCs) across the North Bank, Lower River, Central River North and Central River South Regions have been supported in identifying climate-relevant priorities, and preparing and **finalizing climate change adaptation investment plans and related cash-for-work (CfW) activities**. The first cycle of PBCRGs was completed in 2020, and a second in 2021.
- An **audit assessment** was conducted for the first cycle beneficiary wards covering their Year 1 performance. The audit results have been used as a benchmark for future ward audits and are helpful in structuring training plans for financial management and procurement tailored for WDCs. The Year 1 wards also undertook an **annual performance assessment**. An assessment report has been submitted for review and approval by the LoCAL Technical Committee to inform allocations for FY2020/2021.
- Through CfW schemes, the **programme created 3,086 temporary full-time-equivalent jobs**, 26 per cent of which were filled by adult women and 76 per cent by youth. As of end of 2021, LoCAL was preparing for a further roll-out of the PBCRGs in up to 32 wards.

## The Gambia





 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ In partnership with the Department of Community Development, the JSF Programme undertook activities to sensitize target wards and their communities on the programme, the LoCAL mechanism and investment menu, employment opportunities to be generated via CfW activities and broadly on climate change adaptation. Some 1,600 participants have been sensitized on mechanism operations across the four regions since LoCAL launch.</li> <li>■ UNCDF, in partnership with the Centre de Suivi Écologique (CSE), continued to provide <b>technical support for climate risk assessment and Local Information System for Adaptation (LISA) design</b>. Climate risk assessments were finalized for the first eight wards; these will serve as a model for replication as the PBCRG mechanism is expanded to additional wards. The assessments provide information on climate risks, vulnerabilities and adaptation strategies to guide prioritization of community investments; they will also provide input for LISA development, which is under final refinement with CSE support.</li> <li>■ A <b>high-level delegation led by the ministers of environment, agriculture and energy visited LoCAL project sites</b> in the Lower River Region in May 2021 to understand how LoCAL is promoting integrated approaches to adaptation. The minister of environment, who is a LoCAL Ambassador, has been on the forefront advocating for the LoCAL mechanism as a successful solution to decentralized climate finance and resilience building at the local level.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>The first cycles of grants disbursed to the 20 WDCs resulted in <b>33 small-scale climate-resilient investments</b>, 23 of which were undertaken in 2021. The investment plans have been developed based on climate adaptation priorities in the wards as identified through climate risk assessment. Investments ranged from providing clean drinking water for humans and livestock through solar-powered boreholes; horticulture gardens; construction of culverts to improve accessibility to markets, schools and hospitals; increased adoption of agro-forestry and reforestation to enhance environmental conservation; and integrated poultry horticulture farms as priority interventions to improve community resilience to climate change. All interventions were implemented through CfW activities, mainly focused on women and youth.</p>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ The <b>LoCAL mechanism is clearly aligned with the National Climate Change Policy for The Gambia</b> (2017). LoCAL activities have fast-tracked realization of the policy through strengthening governance and coordination, implementing priority capacity needs and increasing resource mobilization by activating a separate budget code.</li> <li>■ <b>LoCAL provides a mechanism for identifying national and subnational budgetary allocations to respond to climate change</b>. This is a critical first step in enhancing resource mobilization for mainstreaming climate change. It is also in line with government initiatives to design and implement a climate change budget coding and scoring system to track, monitor and report on climate change expenditures that are harmonized with the Integrated Financial Management Information System.</li> <li>■ The <b>annual performance assessment embedded in the LoCAL mechanism is crucial in enhancing the capacity of local government structures</b>. For instance, the results of the annual performance assessment for the first eight pilot wards revealed major capacity gaps and needs, including with regard to climate risk and vulnerability assessment, budget management, record keeping and ward development plans. Through LoCAL, good performance is incentivized through increased budgetary allocation, the progress of each WDC is monitored systematically, and meaningful improvements can be made to achieve impact on community and ward development.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ The LISA platform is expected to help participating WDCs strengthen their adaptation planning and selection of climate investment plans through easier access to climate information. UNCDF will continue to provide technical support to the Ministry of Environment, Climate Change and Natural Resources for LISA website design.</li> <li>■ Based on results of the assessment and the audit, the JSF Programme/LoCAL will continue to build the capacity of WDCs in procurement and financial management processes, as well as in understanding the LoCAL mechanism.</li> <li>■ A total of 12 wards have been selected for this last phase of progressive scale-up to reach an overall geographical target of 32 wards. Preparatory activities such as sensitizations and trainings for the new wards will continue in 2022 to allow the new PBCRG cycle to be effectively deployed.</li> <li>■ LoCAL will continue to work closely with key ministries to support The Gambia in leveraging climate finance under the PBCRG system, including with the Green Climate Fund and other funding sources and partners.</li> </ul>

## Ghana






 <p><b>context</b></p>	<p>Because of climate change, Ghana is facing increased pressure on water and reduced yields, leading to more poverty and food insecurity, and the loss of national revenue from cash crops such as cocoa. Other <b>vulnerabilities undermined by climate change</b> include migration, which puts pressure on urban services; deteriorating health due to increased disease; severe impacts on land use leading to loss of biodiversity and soil fertility, land degradation and increased deforestation; and exposure of fragile groups such as women and youth to climate change impacts. In 2013, Ghana launched its National Climate Change Policy. Four thematic areas have been identified to address adaptation issues in Ghana: energy and infrastructure, natural resource management, agriculture and food security, and disaster preparedness and response.</p> <p>Many metropolitan, municipal and district assemblies (MMDAs) are confronted with increased climate change variability and human vulnerability. <b>More than 80 per cent of disasters in MMDAs are climate related</b> and affect key growth and economic sectors such as agriculture, forestry and fisheries; as well as environmental sanitation, water supply and management. The National Development Planning Commission's (NDPC's) guidelines on preparing MMDA medium-term plans therefore incorporate climate change adaptation issues in profiling as well as prioritizing projects, though without providing clear guidance.</p> <p>Ghana's updated <b>nationally determined contributions include 13 adaptation programmes</b> of action in priority economic sectors for implementation over 2020–2030 – notably, sustainable land use including food security; climate-proof infrastructure; and equitable social development.</p>
 <p><b>objectives</b></p>	<p>The main objective of LoCAL-Ghana is to <b>stimulate local economies and short-term job opportunities for youth, women and returnees through green and climate-resilient investments</b>, with a specific objective to support the transition of local economies to green and climate-resilient development. Three outputs will contribute to this objective:</p> <ul style="list-style-type: none"> <li>■ <b>Strengthen MMDA capacities</b> (learning by doing) in the preparation of climate risk informed, participatory and gender-sensitive local economic development planning</li> <li>■ Deliver <b>green and resilient local infrastructure/investments</b> (including those to be co-financed by the diaspora) under the oversight of MMDAs, through cash for work (CfW) benefiting youth, women and returnees; and procurement to local small and medium enterprises</li> <li>■ Design and deploy a performance-based grants system that can be scaled up and attract various sources of finance, including private finance, international finance and diaspora funds to build resilient local economies</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ The <b>LoCAL pilot (Phase I) began with three local governments</b> in 2016 and has been fully aligned with the District Assemblies Common Fund Responsiveness Factor Grant (DACF RFG), a performance-based grant transferred to MMDAs for investment in local infrastructure development. The LoCAL performance-based climate resilient grant (PBCRG) constitutes an average top-up of 10–15 per cent of the DACF RFG.</li> <li>■ UNCDF in partnership with SNV (a Netherlands development agency) secured funding from the European Union Trust Fund for Africa to implement the <b>Boosting Green Employment and Enterprise Opportunities in Ghana (GrEEn) Programme</b> beginning in 2020, which features LoCAL in its Result 1. Under GrEEn, LoCAL-Ghana progressed to Phase II, with expansion to 6 MMDAs in 2021 and to 10 MMDAs from 2022.</li> <li>■ In partnership with the Korea Environment Institute, LoCAL finalized a <b>country report on climate risk and vulnerability assessment which incorporates the local dimension</b>, identifying and mapping climate risk, exposure and vulnerability hotspots at subnational and local/community levels and prioritizing climate change adaptation actions and investments based on quantified and evidence-based analysis. It may serve to update nationally determined contributions and define main adaptation targets and actions. It is also for development of a <b>Local Information System for Adaptation (LISA)</b> to provide local governments and communities with a user-friendly platform, to be integrated with the District Development Data Platform, to access relevant climate information.</li> <li>■ In 2021, a capacity-building training workshop for the 10 GrEEn MMDAs was attended by 45 participants; it focused on the <b>Assessing Climate Change Adaptation Framework (ACCAF)</b> and other key topics such as validation of PBCRG performance measures and validation of the CfW guidelines.</li> <li>■ LoCAL experience led to the <b>inclusion of climate indicators</b> in Ghana's PBCRG system as well as to the inclusion of climate change considerations in the forthcoming National Decentralization Policy and National Decentralization Strategy (2020–2024).</li> </ul>



## Ghana

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ The Government of Ghana has expressed a strong desire to <b>further mainstream adaptation activities in all procedures at the MMDA level</b>, focusing on strengthening district environmental committees and compliance with various environmental safeguards, as well as drawing attention to the expanding role of MMDAs in this regard. LoCAL has worked with NDPC to include the LoCAL ACCAF methodology as a supplementary tool to its Mid-Term Development Planning Guidelines for MMDAs and on a training of trainers for NDPC and regional officers to support districts in climate change adaptation mainstreaming.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>Since inception, <b>34 climate change adaptation investments, benefiting approximately 94,500 people, were realized in nine MMDAs</b>, including 10 implemented in 2021. Highlights follow:</p> <ul style="list-style-type: none"> <li>■ Reforestation of degraded reserve forest land was done along the Akum and Osubin Rivers, and trees were planted along streams in the Effutu and Fanteakwa North Districts, respectively,</li> <li>■ Bridges were constructed with climate proofing, and roads were rehabilitated for resilience to flood risks through a culvert. Public infrastructure (e.g. schools) were made more resilient through tree planting to withstand storms and strong winds. A market was paved to sustain it against excessive rains which would have curtailed community activities, especially of market women.</li> <li>■ Mechanized boreholes and water storage facilities were constructed to improve access to safe drinkable water.</li> <li>■ Sensitization activities on climate change and specific trainings on bush fire prevention, coastal erosion prevention and early warning systems were held in three MMDAs.</li> <li>■ Activities were implemented via CfW schemes that have thus far benefited 421 people. On average, 381 (62 per cent female, 38 per cent male) beneficiaries were on payroll for each of the four months infrastructure investments were being implemented.</li> </ul>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ It is critical to design the <b>flow of funds and the PBCRG operational mechanism to fully align with the existing system of intergovernmental transfers</b> and to follow the regular public expenditure management cycle. In Ghana, PBCRGs are fully aligned and linked with the DACF RFG. This has been effective (i) in advancing institutionalization of the PBCRG system as the country's own standard for subnational adaptation finance and (ii) for mainstreaming climate change adaptation considerations into decentralization policies and tools.</li> <li>■ A <b>robust climate risk assessment is critical to supporting MMDAs' participatory planning</b> of adaptation responses to climate change impacts. Lack of or challenges in accessing localized data for adaptation planning has been an issue for MMDAs. The climate risk and vulnerability assessment developed with the Korea Environment Institute combines a downscaling model with a vulnerability analysis to identify climate risk maps at the district level and for prioritized sectors (agriculture, health and water). This work will support the GrEEn project in establishing LISA in selected MMDAs, which will further support integration of climate change adaptation into local development planning and adaptation action.</li> <li>■ <b>Effective involvement of communities</b> – for example, in the construction of local infrastructure or rehabilitation of ecosystems – creates short-term job opportunities. CfW opportunities arise through prioritization of investments for youth, women and other vulnerable groups in sustainable natural resource management, infrastructure building and other public works.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ Finalize LISA to further help participating local government authorities strengthen their adaptation planning. Efforts will be devoted to the appropriation of these tools by the MMDAs.</li> <li>■ To further equip MMDAs with evidence of climate risks and vulnerabilities, LoCAL will undertake climate change vulnerability assessments in 13 MMDAs to enable risk-informed decision-making within the framework of the MMDA's mid-term development plans and annual action plans.</li> <li>■ The mechanism will be gradually rolled out in 13 MMDAs by 2023 under the GrEEn project. LoCAL will continue to assist MMDAs in developing and implementing green and climate-resilient local investments that foster employability for returnees, youth and women through CfW and procurement to local micro, small and medium enterprises; this will stimulate the local economies.</li> <li>■ National roll-out is envisaged from 2024 onwards (Phase III); preparing for this is an integral part of Phase II. Policy advice, readiness support, support for accreditation and adjustment to project design as needed are foreseen to ensure that the country can transition to Phase III and initiate national roll-out after the four-year GrEEn project ends.</li> </ul>

## Lao PDR

 <p><b>context</b></p>	<p>As global temperatures rise, Lao PDR can expect rainfall patterns to change with increased and more severe storms, droughts and floods. The <b>effects of climate change are already having serious impacts on the livelihoods and living conditions of people in the country</b>. Floods and storms destroy infrastructure by washing away streets, damaging buildings or interrupting electricity supply. In the near future, expected impacts include crop failure, lack of drinking and irrigation water as well as an increase in vector-borne diseases such as malaria or dengue. Increased vulnerability towards the negative effects of climate change is compounded by natural resource-driven economic development, such as the country's heavy reliance on mining and hydropower generation.</p>
 <p><b>objectives</b></p>	<p>The overall objective of the Effective Governance for Small-scale Rural Infrastructure and Disaster Preparedness in a Changing Climate project, in which the LoCAL pilot phase was earmarked, is to <b>improve local administrative systems affecting the provision and maintenance of small-scale rural infrastructure</b> through participatory decision-making that reflects the actual needs of communities and natural systems vulnerable to climate risk. The project has three main outcomes:</p> <ul style="list-style-type: none"> <li>■ Inclusive planning, budgeting and capacity development for reducing climate- and disaster-related risks</li> <li>■ Local investment for reducing climate risks, guided by climate vulnerability and disaster risk assessments</li> <li>■ Securing ecosystem services and assets</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ A <b>form of LoCAL mechanism implementation</b> was initiated under the Effective Governance for Small-scale Rural Infrastructure and Disaster Preparedness in a Changing Climate project, which is implemented by the Ministry of Natural Resources and Environment (MoNRE), and supported by the United Nations Development Programme and funded by the Global Environment Facility's Least Developed Countries Fund. UNCDF provided technical assistance for the design and implementation of local government grants for climate-resilient infrastructure, namely the <b>District Development Fund climate resilient grants</b> (DDF-CRGs). The project was based in rural communities in two provinces, Saravane (8 districts) and Sekong (4 districts), and aimed to address the limitations of technical, human resource and financial capacities of government to effectively plan and implement successful resilience-building measures.</li> <li>■ The <b>re-engagement of the LoCAL mechanism</b> in Lao PDR started in early 2021 with series of UNCDF technical assistance team meetings with MoNRE, the Ministry of Home Affairs, the Ministry of Finance, the Ministry of Planning and Investment, and other development partners in the country.</li> <li>■ In 2020–2021, UNCDF conducted a <b>re-scoping of the LoCAL mechanism</b> for Lao PDR and to identify early preparatory work that can be undertaken and through a subsequent Phase II (2022–2026). The main purpose of the scoping mission is to take stock of and collect data on areas vulnerable to climate change.</li> <li>■ Following up on the scoping results and based on the country's climate risks and vulnerability assessment, UNCDF has drafted a design paper for the LoCAL mechanism consisting of minimum conditions, an investment menu and performance measures.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>A total of <b>29 small-scale rural water infrastructures</b> (water supply, irrigation and wetland management; bridges and culverts) were developed over the three fiscal years between 2014/15 and 2016/17 (LoCAL Phase I). District administrations led the infrastructure development process, taking the participatory and bottom-up approach and following public expenditure management processes guided by DDF-CRG guidelines, instructions and manuals.</p>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ The draft design document for LoCAL–LAO PDR Phase II is to be validated by the Government of Lao PDR. As part of this process, LoCAL will organize a series of consultation workshops with key stakeholders, including local government agencies, during 2022. The main objective of the consultations is to present the draft design paper and to receive comments and suggested inputs from national and local stakeholders. It is anticipated that the Government of Lao PDR will validate the design paper by the end of June 2022.</li> <li>■ LoCAL will continue to support resource mobilization activities with the relevant in-country and external donors.</li> </ul>

## Lesotho



### context

Climate change is affecting Lesotho in several ways: a delayed rainy season, provoking severe droughts and drinking water shortages; heat waves; dry spells during the growing season, reducing food production; and heavy and erratic frost – all resulting in **high vulnerability for households**. Sectors reported as vulnerable to the projected impacts of climate change include agriculture, forestry, health, culture and historical heritage.

**Lesotho recognizes climate change as a serious threat to its development plan and to the future of both its livelihoods and one of its main sources of revenue: water.** The Lesotho 2013 Second National Communication to the Conference of Parties notes that projected scenarios suggest that reduced precipitation for the southern parts of the country, coupled with increased temperatures, will adversely affect water resources and agriculture, in particular. The projected reduction in the growing season due to delayed onset of rains will also adversely affect rangelands and livestock production – with a corresponding negative impact on livelihoods reliant on wool and mohair.

The Lesotho Meteorological Service, the country's national designated authority, cited **weak financing for climate change initiatives in the country**. Most of the ongoing climate change interventions are donor funded. The Meteorological Service highlighted the need to put in place mechanisms to facilitate direct access to international climate funds to promote resilience across all sectors, particularly at the community level.

The demand for decentralization and resources to act on vulnerability at the community level has led the government to publish a devolution policy to empower both district and community councils to plan and manage their development. **Climate change adaptation falls within the core mandate of community councils**, along with land use planning, natural resource management and infrastructure development. Climate change adaptation requires effective coordination of various stakeholders. As a gateway for development facilitation at the local level as well as custodians of all development, community councils are strategically positioned to fulfil this coordination role. However, community councils seldom have sufficient resources to execute these functions.



### objectives

The overall outcome of LoCAL-Lesotho is to **improve the climate change resilience of the communities in the selected councils** as a result of climate change adaptation activities funded through the performance-based climate resilience grant (PBCRG) and capacity development support. By promoting climate change-resilient communities and economies via increasing financing for and investment in climate change adaptation at the local level, LoCAL-Lesotho will directly contribute to one of the country's development plan pillars – **reversing environmental degradation and adapting to climate change**.

The **objectives** for LoCAL-Lesotho are (i) increased transfer of climate finance to local governments through national institutions and systems for building verifiable climate change adaptation and resilience, and (ii) a standard and recognized country-based mechanism which supports direct access to international climate finance. Four **outputs** are envisaged: (i) inclusive and accountable climate change adaptation is mainstreamed into local council planning; (ii) government, local authority and population awareness of and capacities in adaptation and resilience planning are improved; (iii) an effective country PBCRG finance mechanism is established and operational, providing additional funding to targeted community councils; and (iv) experience and lessons learned are consolidated and shared.



### achievements

- The PBCRG system has been successfully designed and is fully **aligned with the previous Deepening Decentralization Programme (DDP)**, which had established a performance-based capital grants system combined with capacity development support.
- The Government of Lesotho and UNCDF have defined modalities for LoCAL-Lesotho, including funding arrangements, eligibility and minimum conditions of access, allocation criteria, and funding flow and reporting. The institutional framework and roles of the parties have been defined. The modalities are described in the memorandum of understanding signed October 2017, which provides the **framework for LoCAL-Lesotho** and establishes LoCAL financing and management.
- **Four community councils were selected to pilot the approach** in Lesotho, all within the district of Moleleke's Hoek: Khoelenya, Lithipeng, Qhoasing and Senqunyane.
- UNCDF conducted a **technical mission** in March 2018 to set performance measurement baselines, fine-tune baseline indicators, train key district and community council staff on LoCAL, and elaborate workplans with pilot district and associated community councils for the first round of investments. Local councillors and staff and district staff participated in the training on the LoCAL mechanism and related climate change topics (e.g. adaptation planning).

## Lesotho



### achievements

- The **first PBCRG cycle was delivered to the four pilot community councils in 2020**. In view of PBCRG deployment, e-training was conducted for local government staff and other national officials in May 2021 to ensure that participants are able to use LoCAL guidance; have acquired a basic understanding of the framework; and have full understanding of the LoCAL-Lesotho design elements, particularly the performance assessment indicators (i.e. minimum conditions and performance measures).
- LoCAL-Lesotho organized a **training workshop** for the Mphahle's Hoek district with implementing teams, line ministries and non-governmental organizations, on climate change mainstreaming, adaptation plans and LoCAL mechanism in June 2021. The training was meant to improve awareness and capacities of participants on climate change, impacts, risks, vulnerabilities, adaptation and resilience planning. Following this training, a participatory planning exercise was undertaken in the four community councils in October 2021 to integrate climate change in development plans in a participatory and gender sensitive manner.
- The first **annual performance assessment** was conducted covering the first PBCRG tranche. It found non-compliance with minimum conditions, adaptation plans not endorsed by the Council, and that corrective measures had not been scheduled to implement the Auditor General's report recommendations. To address these issues, climate change adaptation workshop was conducted to support councils in integrating climate change issues into their local plans and to identify adaptation measures for the second PBCRG tranche. Also, the Ministry of Local Governments and Chieftainship is preparing management responses via an Audit Intervention Matrix to document how it will address audit findings. As a condition of the next PBCRG cycle, the four community councils will need to present evidence that their adaptation plans have been endorsed by the council and that management has completed the Audit Intervention Matrix. The office of the Auditor General in Lesotho conducted an audit of the financial statements for LoCAL; for the fiscal year ending 31 March 2021, LoCAL received a clean, unqualified audit opinion.
- The **African Development Bank, through the Africa Climate Change Fund, approved funding contributing to implementation of the LoCAL-Lesotho pilot phase**; this enables the four pilot local governments to continue using the mechanism in 2021 and implement adaptation investments through PBCRGs.



### adaptation measures and investments

One of the major challenges facing the community councils of Qhoasing, Lithipeng and Khoelenya is scarcity of water supply. Although some initiatives have been undertaken to supply clean water, climate change, combined with a lack of sufficient resources to ensure proper management, has left tanks empty or dilapidated, with limited water storage capacity. This situation is expected to worsen with the impacts of climate change. There is thus a **need to harvest and capture several sources/springs to preserve water and ensure sufficient clean water** for the communities during droughts. Improvements to water catchment and storage systems are being proposed under LoCAL to increase the resilience of communities in the target villages.

The first PBCRG cycle financed **climate proofing of 10 water-related infrastructures** in the four pilot community councils, providing access to clean water – especially in periods of prolonged drought and the drying up of water springs – to more than 1,800 people.



### lessons learned

- Communities and their councils are increasingly expressing their needs, and **councils have demonstrated an ability to plan and implement projects** of practical interest. Grant size needs to be adapted to meet current management capacity.
- **Adaptation support programmes focused on capacity development have been conducted** in a limited number of councils where adaptation plans had been developed with support from with support from the United Nations Development Programme, the World Food Programme and/or the Food and Agriculture Organization of the United Nations.





### way forward



- Further support pilot community councils regarding climate risk assessments for identification of sound adaptation measures and investments. LoCAL will provide technical support for implementation of local diagnostics and mapping of climate risks, vulnerability and climate change adaptation options.
- Disburse a second cycle of PBCRGs in 2022 within the framework of collaboration with the Africa Climate Change Fund.
- Continue to deliver training on the LoCAL mechanism, financial management, climate change mainstreaming, and monitoring and evaluation throughout the pilot phase to ensure LoCAL roll-out achieves its objectives.






# Malawi

 <p><b>context</b></p>	<p>With its narrow economic base, limited agro-processing industries, over-dependency on rain-fed agriculture and biomass for household energy, Malawi is <b>highly vulnerable to the adverse impacts of climate change and extreme weather events</b>. This situation is exacerbated by increasing poverty among rural communities, increasing population pressure on a limited land resource base, land degradation arising from agricultural expansion and the cultivation of marginal lands, and increasing deforestation to meet growing demands for energy, food and construction.</p> <p>Decentralized service delivery was initiated as part of Malawi's transition to multi-party democracy, with the aim of diffusing overly centralized power and bringing services closer to citizens through elected local councils. The executive arm, the Council Secretariat, is led by a district commissioner (rural councils) or a chief executive officer (urban councils), and includes core functions of finance, administration and planning, and the heads of key sectors. Devolved functions for rural local governments include basic education, primary health care, agriculture, water, rural roads, and community development. In addition, urban local governments have the mandate to provide for municipal services such as waste management, urban roads, sewerage, town planning etc. This devolution provides a sound basis for <b>territorial administrations to play a role in climate action</b>. At the subdistrict level, village development committees and area development committees are meant to identify and consolidate community development priorities for the five-year district development plans.</p>
 <p><b>objectives</b></p>	<p>The overall objective of the LoCAL programme in Malawi is to <b>promote climate change–resilient communities and local economies</b> by increasing investments in climate change adaptation at the local level, thereby contributing to achievement of the Paris Agreement and the Sustainable Development Goals.</p> <p>LoCAL-Malawi aims to <b>increase district access to climate finance</b> for implementation of nationally determined contributions and the National Adaptation Plan–aligned climate change adaptation priority investments; and to consolidate a standard and internationally recognized country-based mechanism of performance-based climate resilience grants (PBCRGs) in the country, further attracting domestic and international climate finance. LoCAL is aligned with Malawi's National Climate Change Investment Plan, the National Climate Change Management Policy, the nationally determined contributions, and as well as the National Adaptation Plan process. The objective and outcomes will be addressed through three outputs:</p> <ul style="list-style-type: none"> <li>■ Increase awareness of and capacities to <b>respond to climate change at the local level</b></li> <li>■ Implement <b>mainstreaming of climate change adaptation</b> into government's planning and budgeting systems and investments in line with the PBCRG mechanism</li> <li>■ Effectively and sustainably establish the PBCRG system, leading to an <b>increased amount of climate change adaptation finance</b> available to local government and local economy</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ UNCDF, with financial assistance from the European Union and the Government of Sweden, has supported the Government of Malawi in <b>designing a performance-based climate resilience financing mechanism</b> to support subnational climate change adaptation as a top-up to the recently introduced general performance-based grant under the Governance to Enable Service Delivery Project.</li> <li>■ Following the design phase, UNCDF has worked closely with the Government of Malawi – in particular, the Ministry of Forestry and Natural Resources (MoFNR), the National Local Government Finance Commission and the Ministry of Local Government – to <b>validate the design note and identify potential funding sources to activate the mechanism</b>. A contribution from the Government of Sweden followed this process and allowed for the signing of a letter of agreement with MoFNR, in its capacity as Malawi's climate change focal point. The letter of agreement aims to provide the ministry with operational budget support for the execution of LoCAL-specific tasks, such as capacity-building support to target districts on climate information, mainstreaming and resilience planning tools, as well as sensitization of communities on climate change adaptation and on LoCAL. It also will support identification and updating of LoCAL performance measures in the overall performance assessment system, develop concept notes and funding proposals building on the LoCAL mechanism, and support promotion of vertical integration via LoCAL in climate-related policies, legislative documents, regulations and guidelines.</li> <li>■ Also with Swedish support, a letter of agreement was signed with the National Local Government Finance Commission, the host and coordinator for LoCAL in Malawi, for overall execution of LoCAL-Malawi; coordination of capacity development activities at the central and subnational levels; advice on LoCAL-related parts of the general performance-based grant system; support to overall operations; updating of guidelines; and monitoring and reporting on activities and inspection of compliance by participating districts.</li> </ul>




## Malawi

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ LoCAL has gained increased political support from the Government of Malawi, in particular from the former MoFNR minister, who now serves as Minister of Foreign Affairs and who joined the network of LoCAL Ambassadors and signed the LoCAL Ministerial Declaration. This minister has also participated in several LoCAL events, including COP26, to highlight LoCAL's potential as a broker for increased climate finance for locally led adaptation in developing counties, particularly the least developed countries.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ Sign the memorandum of understanding with the Government of Malawi to launch the first PBCRG cycle in up to two districts</li> <li>■ Operationalize the LoCAL mechanism with government partners to provide for the necessary architecture at the national (LoCAL Technical Committee) and subnational levels to implement the first PBCRG cycle</li> <li>■ Provide technical assistance and capacity-building support to target pilot local governments (in the process of selection) to support climate change adaptation mainstreaming into their local development plan; budget for the PBCRG envelope in line with the principle of additionality of LoCAL allocations; and execute, monitor and report on local climate investments</li> <li>■ Continue to support the Government of Malawi in resource mobilization efforts, including through development of funding proposals to vertical funds and/or bilateral donors</li> </ul>

## Mali

 <p><b>context</b></p>	<p>Mali, like many other countries in West Africa, has been <b>hit hard by the effects of climate change</b>. Climate change in Mali is evidenced by, among other effects, (i) an average reduction in annual rainfall of 20 per cent, combined with limited geographic and temporal distribution when it does occur; (ii) increasingly high temperatures; (iii) more frequent periods of drought and flooding; (iv) decreased water levels in the major rivers; (v) marked deterioration in soil quality; and (vi) greater ecosystem fragility. Projected climate scenarios indicate that by 2100, the average temperature in Mali could increase by about 0.2°C per decade and rainfall decrease by 10 per cent. A predominantly arid country, less than a quarter of Mali's land is suitable for cultivation. Land degradation, and the dependence of the country's farms on rainfall, make Mali extremely vulnerable to random climatic events.</p> <p>One of the main objectives of Mali's 2019–2023 Strategic Framework for Economic Recovery and Sustainable Development is to <b>ensure a healthy environment and strengthen resilience to climate change</b>. To achieve these goals, the Malian authorities facilitate better integration of climate challenges in planning processes at the national and local levels; and build the population's capacity to increase the resilience of ecological, economic and social systems to the effects of climate change by incorporating adaptation measures, primarily in the most vulnerable sectors. Mali's intended nationally determined contributions prioritize the transition towards a green and resilient economic pathway. LoCAL directives are aligned with the objectives and priorities of the country's strategic framework, UN Development Assistance Framework (UNDAF) 2020–2024 and the nationally determined contributions.</p>
 <p><b>objectives</b></p>	<p>LoCAL-Mali aims to demonstrate and highlight the <b>role of commune authorities in promoting local climate change adaptation/resilience measures</b> by integrating climate funding in budget transfer mechanisms and in the planning/allocation of local resources. The Environment and Sustainable Development Agency (AEDD, Agence de l'Environnement et du Développement Durable), which serves as the national designated authority, is responsible for administering LoCAL in partnership with the other members of the National Steering Committee, using the Local Authorities National Investment Agency (ANICT, Agence Nationale d'Investissement des Collectivités Territoriales) structure for funding the communes. This is done with technical support from UNCDF and under the general direction of the Ministry of Territorial Administration and Decentralization.</p>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>LoCAL was launched in Mali in 2014, when a memorandum of understanding was signed between UNCDF and the government. <b>LoCAL was initially deployed in two communes</b> in the Kayes region, Sandaré and Simby, and the first <b>two PBCRG cycles</b> were completed and successfully evaluated in 2016 and in 2017. The communes continued to plan and implement adaptation activities slated for a third year (2018) with grants channelled in the first phase.</li> <li>The Government of Mali has granted financing through AEDD to LoCAL since 2016 and pledged further support over the next years. Phase II design was developed during 2016 and 2017, and peer reviewed and validated by the government to set the groundwork for LoCAL expansion. The <b>Phase II design aimed at stronger alignment of the LoCAL PBCRG system</b> with the Fonds National d'Appui aux Collectivités Territoriales (FNACT) managed by ANICT.</li> <li><b>ANICT was nominated as the country's national implementing entity</b> and is pursuing efforts for accreditation to the Green Climate Fund (GCF), with a view to scaling up LoCAL. Following its nomination, LoCAL supported ANICT in organizing a national workshop in which 179 participants learned about how GCF works and what kinds of interventions can be financed through it. In 2019, LoCAL signed a letter of agreement with ANICT to provide technical and financial assistance to the Government of Mali (ANICT, AEDD) to support its GCF accreditation.</li> <li><b>LoCAL has achieved strong synergy and ownership within the UN system</b> in Mali and contributes to goals stated in Mali's UNDAF 2020–2024. A joint programme with the United Nations Industrial Development Organization and UNCDF-LoCAL was established in 2019 to support risk management and mitigate inter-community conflicts through the PBCRG system and funded through the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) Peacebuilding Fund. Under this initiative, LoCAL expanded beyond the two pilot communes in Kayes to two communes in the Mopti region, with a focus on climate-security-peace nexus.</li> <li>Under MINUSMA, <b>new partnerships were forged with subnational partners</b> – including the Regional Development Agency of Mopti, supporting the two new LoCAL communes in adaptation planning, budgeting and implementation of PBCRG-financed investments – and a local non-governmental organization, supporting all four communes in establishing community-based solutions to prevent conflicts over natural resources and promote social cohesion, e.g. through public consultation mechanisms and cash-for-work schemes for resilience building interventions.</li> </ul>

## Mali

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ As local climate data production and access have proved to be a challenge, LoCAL began a <b>nationwide climate risk assessment</b> in 2020. The exercise provides critical science-based data to drive adaptation planning at the local level, building on downscaled models highlighting climate change trends to 2060, and serves as a basis for conclusions regarding current and projected climate risks in light of exposure and localized vulnerabilities across priority sectors. The report has been validated by the National Adaptation Committee and is being finalized.</li> <li>■ Mali is one of the West African countries (along with Burkina Faso, Côte d'Ivoire and Niger) included in the <b>joint UNCDF-LoCAL–West African Development Bank (BOAD) funding proposal submitted to GCF</b> in early 2020. The joint proposal aims to scale up LoCAL in 25 additional communes in Mali and includes a component on private finance mobilization to test a blended finance model adapted for local adaptation finance.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>LoCAL-Mali has invested in <b>six local adaptation initiatives in the Kayes Region, accounting for about \$250,000 and directly benefiting more than 70,000 people</b>, mostly women.</p> <ul style="list-style-type: none"> <li>■ Interventions financed included forest rehabilitation; setup of market gardening plots for women's groups, equipped with supplementary pools, hedges and wire fencing, and solar panels to provide energy to an automated water pump; resilient seeds provision; a fish farm project, with two ponds and a well to ensure a steady supply of water. Grants were also used to build women's capacities, with trainings in agricultural techniques, and procurement of agricultural inputs and seeds. All stakeholders – elected leaders, beneficiaries, officers of decentralized state services – have been sensitized and trained.</li> <li>■ With support from the MINUSMA Peacebuilding Fund, the <b>fourth PBCRG cycle</b> is benefiting two pilot communes in Kayes and two in Mopti; it was released in 2020. As of end 2021, the communes were working on implementing the PBCRG-financed investments. Ten investments are currently ongoing; they focus on building the climate resilience of local agricultural practices, while ensuring adequate water supply through construction/rehabilitation of water facilities in anticipation of more prolonged and frequent drought events.</li> </ul>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ The <b>communes demonstrated strong civic engagement and a responsive attitude</b>. All key stakeholders – including the mostly female beneficiaries – are actively engaged in project identification; project implementation is handled collaboratively with the commune councils which spearhead the local development efforts. Field presence and partnerships with local stakeholders may further contribute to inclusiveness along the PBCRG cycle.</li> <li>■ The majority of <b>stakeholders and national policies are fully supportive and aligned with adaptation objectives</b> and the need to build population resilience in climate-vulnerable areas. This synergy helped drive communication and build capacities. Nevertheless, communes remain highly dependent on technical support and assistance from the state and service providers and on external funding.</li> <li>■ <b>Sustainability and prospects for scale-up</b> rely on several factors including follow-up and coordination between LoCAL and its national counterpart; technical and operational support from LoCAL at the regional and central levels; clear allocation of resources to the communes to address and implement climate adaptation activities and allowing for modification; strong ownership by commune councils and beneficiaries; and positive synergy between the actors.</li> <li>■ Other positive developments include the <b>strategic role played by LoCAL at the national level</b>, reinforced by coordination and partnership building; a competitive spirit between the communes engaged in the LoCAL mechanism; a strengthened level of technical support provided by the decentralized state services and their related structures; improved capacities of local service providers and contractors; the emergence of new synergies between other actors, projects and programmes in the targeted areas and at national levels; political support from the government and alignment of the mechanism to ongoing reforms and the increasing level of transfer of capacities and resources from the central to the decentralized governments; and strengthening of audits and inspections of public funds.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ The MINUSMA Peacebuilding Fund serves as a LoCAL-Mali bridging phase, expanded to an additional two communes, as the country mobilizes finance to implement Phase II. LoCAL-Mali seeks to scale up the mechanism ultimately nationally. To this end, LoCAL, under the leadership of the Government of Mali, will engage partners for resource mobilization, including advancing the BOAD-UNCDF GCF proposal to seek final approval by the Board.</li> <li>■ LoCAL will continue to provide technical and financial support to ANICT's GCF accreditation and for operationalization of Phases II and III, continuing to build capacities and expertise on subnational climate finance. National and subnational authorities will be supported in understanding climate risks by finalizing the ongoing climate risk assessment.</li> </ul>



## Mozambique



### context

Mozambique's location in the Inter-tropical Convergence Zone makes it **particularly susceptible to extreme climate phenomena** such as El Niño and La Niña, which bring droughts, floods and cyclones on a regular basis. Its coast forms the western border of the world's most active tropical cyclone basin, the Southwest Indian Ocean, which produces about 10 per cent of all cyclones. Available data and climatic models indicate a steady increase in the severity and frequency of these events over the last 30 years with a similar forecast for the future. Data from the Institute for Disaster Relief show that, between 1985 and 2008, over 16 million people were affected by droughts and over 100,000 people died as a result. Between January and May 2019, the country was hit by unprecedented, consecutive, tropical cyclones Idai, Kenneth and Desmond, displacing tens of thousands of people and destroying infrastructure and livelihoods. Cyclones have affected almost a third of the country, especially the coastal provinces and those close to them. The adverse effects of climate change in Mozambique undermine government efforts to reduce poverty, improve food and nutritional security, expand infrastructure and services and reach the targets set out in the Sustainable Development Goals.

The decentralization process in Mozambique has been a combination of **decentralization and deconcentration with a gradual transfer of responsibilities, personnel and funding** to the municipal level as well as to the more deconcentrated levels of provincial and district governments. A constitutional amendment allowed the entry of new decentralized and deconcentrated hybrid bodies and districts will remain under the central government until 2024, when new general elections will be held. These bodies will maintain the functional liaison of the districts until 2024 and will be the face of the central government at the local level. The laws also assign detailed competencies to the district level in a large number of functional areas – notably, emergency services; preservation of the environment; commerce and industry; water supply; education; health; natural resource management; energy resources; transportation and public transit, participatory local development; public services; public works; and recreation, culture and tourism. Many of these sectors figure prominently in climate change adaptation.



### objectives

The overall outcome of LoCAL-Mozambique is to improve the resilience of districts to climate change as a result of increased access to climate change adaptation financing through performance-based climate resilience grants (PBCRGs). **Five specific outputs** contribute to the achievement of this overall outcome, along with rural livelihood development interventions, specifically focused on responding to the current COVID-19 pandemic:

- An effective PBCRG system established as a finance mechanism in Mozambique and operational for additional funding
- Inclusive, effective and accountable climate change planning and budgeting processes at the district level
- Climate change adaptation activities managed efficiently, effectively and transparently and implemented by participating districts through the PBCRG system
- A monitoring and evaluation system and lessons learned to inform national policies about experiences from the LoCAL launch and integration of climate change in all stages of public financial management processes and improvement of public financial management
- Completed roll-out plans and capacity-building support for new districts in new province(s) established by the end of the programme




### achievements

- Since its launch in 2015, LoCAL has been **reinforcing the government-led planning, budgeting and investment cycles** to finance local adaptation plans and, more broadly, implementation of district development plans.
- As of 2018, Mozambique successfully **transitioned into Phase II**, extending its reach to four provinces – Gaza, Inhambane, Nampula, Zambezia – covering 20 climate-affected districts. Donorship has grown beyond the initial support of the Belgian Development Cooperation to include the Governments of Sweden, Catalonia, Switzerland and the European Union over the 2018–2025 period.
- **All districts have integrated climate change adaptation into their development plans.** National and local-level officials have participated in awareness and capacity-building activities such as integration of climate change adaptation into local planning processes and how to develop local adaptation plans. Periodic planning and sensitization workshops (at least one per district each year and two workshops involving all provinces participating in LoCAL) have been carried out with programme support.
- LoCAL's implementing partners – the Ministry of Economy and Finance, through the National Directorate of Planning and Budget, and the Ministry of Land and Environment – have supported **policy dialogue among the development partners and donors** to consolidate LoCAL-driven experience in five provinces for the 2018–2023 period.




## Mozambique

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>A mid-term review <b>reaffirmed the relevance of MERCIM/LoCAL</b> as a climate adaptation financing tool, with good replicability and up-scaling potential. The review found MERCIM/LoCAL to be a mechanism that contributes to 12 of the 17 Sustainable Development Goals and well aligned with the Paris Agreement.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>Since LoCAL's inception, a <b>total of 98 projects have been prioritized and financed</b> through PBCRGs, 36 in 2021.</p> <ul style="list-style-type: none"> <li>In 2021, PBCRGs were mostly devoted to <b>social infrastructure</b>, specifically schools and hospitals, by rehabilitating / climate proofing existing ones and building new facilities to improve access to basic social services for climate-vulnerable groups (i.e. women and children). To further preserve public health in the face of climate change threats, most districts identified realization of multifunctional water supply systems as a priority intervention to ensure reliable access to drinking water. In 2021, 36 investments were undergoing in 20 districts for a portfolio amount of \$3.37 million.</li> <li>Through participatory activities, local consultative councils, <b>community representatives – women, men and youth, including the most vulnerable – identify, prioritize and select the climate-adaptive investments</b> that best correspond to their needs. This enhances community awareness and engagement in local governance, planning and budgetary processes; and also allows local governments to be held accountable in providing adequate public and climate-smart goods and services. The decentralized participatory approach strengthens feelings of inclusiveness and ownership, building a strong base for the success of the interventions in the districts, trust in local governance and the sustainability of the LoCAL programme.</li> </ul>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>Dialogue among district technical teams and central government staff highlighted <b>procurement as an element in the local development process that should receive special attention</b>. LoCAL will increase its technical support in procurement through the National Directorate of Planning and Budgeting's human resource structure.</li> <li>LoCAL trainings in <b>public financial management</b> should build district technical staff capacities in budgetary programming, execution and accountability. LoCAL directly supports the state-district budget transfer system, channelling climate finance through e-SISTAFE. PBCRGs should be accompanied with continuous support and capacity development trainings of the relevant ministries to ensure a suitable tracking system at all levels.</li> <li><b>Integration of a gender perspective</b> in local development, governance and budgetary activities needs attention. Progress has been made, and gender-related activities and trainings are planned for local actors; but the equitable inclusion of women and girls in the selection, implementation and maintenance of climate-resilient investment projects must be ensured. Local governments need to strengthen their institutional capacity and accountability taking gender into consideration.</li> <li>The <b>flexible design of LoCAL-Mozambique</b> allows it to adapt and be tailored to the country's changing environment and local needs. Examples include responding to the COVID-19 pandemic by increasing access to basic needs such as water/soap; extending a focus on the climate-sensitive coastal zones; exploring nature-based solutions; strengthening social inclusion, civic rights and government accountability in providing public services – all in the context of local climate adaptation and resilience development. This demonstrates the LoCAL programme's adaptability, replicability and ambition.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>The recent LoCAL Niassa programme will commence its first climate change adaptive infrastructure investments, identified and decided by communities and local governments.</li> <li>Baseline exercises and annual performance assessments for the new districts and municipalities in Gaza, Inhambane and Nampula will be carried out. Districts will be informed of their allocations for the next financial cycle based on performance and compliance with minimum conditions.</li> <li>LoCAL-Mozambique will continue to explore further opportunities, partnerships and local development and climate adaptation needs to enhance its reach, impact and sustainability.</li> <li>LoCAL will continue to fine-tune performance measures within the PBCRG system in the selected districts to pave the way for expansion to new areas. Priority will be placed on improving the monitoring system to ensure adequate service delivery by both LoCAL and complementary programmes.</li> </ul>

# Nepal



 <p><b>context</b></p>	<p>Despite its relatively small size, Nepal has <b>very diverse climatic conditions</b>. Over 80 per cent of the country's population depend on agriculture and forest resources for their livelihoods, which makes the Nepali people highly vulnerable to climate change. Climate change impacts projected for the country include significant warming, particularly in the middle hills and at higher elevations, leading to reductions in snow and ice coverage; increases in climatic variability and the frequency and intensity of extreme weather events, including floods and droughts, and in areas with no past history of such events; and changing precipitation patterns (increase in regional precipitation during the wet season, decrease in precipitation in the middle hills, shortened monsoon, longer dry spells). Like other Himalayan populations, the Nepalese live in areas with a high risk of floods, soil erosion and landslides. Increased snow melting rates will further exacerbate the risk of glacial lake outbursts and their related flash floods.</p> <p>As part of its National Adaptation Plan (2021–2050), a <b>framework was established to integrate adaptation across sectors and levels of government</b>. Similarly, Nepal formulated the Climate Change Policy (updated in 2019), which provides a framework for climate actions in the country. It has also initiated a local adaptation plan of action framework as a way through which climate change adaptation may be localized. The National Adaptation Plan acknowledges the role of provincial and local governments to address climate change adaptation and to contribute to achieving national goals; this provides an important entry point for LoCAL to continue its support of local governments and communities in climate change adaptation.</p>
 <p><b>objectives</b></p>	<p>The aim of LoCAL-Nepal is to demonstrate the <b>role and ability of local government in promoting climate change resilience investment</b> through mainstreaming climate finance into the intergovernmental fiscal transfer system and local planning and budgeting process. This is expected to result in:</p> <ul style="list-style-type: none"> <li>■ <b>Increased awareness</b> of climate change and potential adaptation/resilience-building responses among local government and communities</li> <li>■ <b>Modalities for mainstreaming climate-resilience investment</b> in local public expenditure management systems tested and available for scale-up</li> <li>■ <b>Strengthened local government capacity</b> for climate change resilience/adaptation through improving planning and budgeting, financing and implementation, considering gender equity and social inclusion</li> <li>■ Designed and tested <b>arrangements for tracking and reporting</b> on climate change adaptation expenditures at the local level</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ The LoCAL-Nepal <b>Phase I</b> run from 2014 to 2017, with performance-based climate resilience grants (PBCRGs) aligned with the former District Development Fund; it targeted two districts (Dhading and Rupandehi).</li> <li>■ LoCAL <b>stakeholder mapping, implementation guidelines and capacity development plans</b> were prepared through district- and village-level stakeholder consultations and transferred to local authorities through workshops and trainings benefiting 142 officials and staff.</li> <li>■ Following the pilot phase, UNCDF, under the umbrella framework of the Ministry of Federal Affairs and General Administration's Environmental Friendly Local Governance (EFLG), designed an <b>EFLG Transition Support Plan to continue LoCAL jointly with the Poverty-Environment Initiative (PEI)</b> of the United Nations Development Programme–United Nations Environment Programme. The transition plan took into account Nepal's changed political context as it moved from a unitary to a federal structure.</li> <li>■ Following a series of consultations, <b>two new districts</b> – Kavre and Sindhuli – were selected based on their high vulnerability to climate change. All 22 municipalities within these two districts have been covered. For FY 2017/18, the Government of Nepal provided about \$500,000 in additional grants for climate-resilience activities in the LoCAL districts.</li> <li>■ Given the limited investment grants available, LoCAL provided capacity development support to the 22 local governments to <b>better plan and utilize their own resources for climate change adaptation/resilience projects</b>. About 500 people were trained on the planning and budgeting process and financing for climate-resilience investment projects. Training beneficiaries included mayors, deputy mayors, municipal officials and representatives of community-based organizations and non-governmental organizations. In partnership with Tribhuvan University, LoCAL financed the development of EFLG baseline data in Kavre and Sindhuli covering all 22 local governments.</li> <li>■ <b>Two PBCRG cycles were fully implemented</b>, with 60 small-scale adaptation measures financed in the pilot districts, which together have a population of almost 50,000 people.</li> </ul>

## Nepal





 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ A stocking-taking mission was undertaken in 2019 to gauge interest in and potential for a follow-up LoCAL programme for Nepal and in supporting the PBCRG mechanism in a federal context. This resulted in a concept note, developed with support from UNCDF, for a <b>LoCAL-Nepal Phase II</b>. The concept note was designed to be fully aligned with the country's climate change policy, financial systems for local governments, and related institutional and regulatory frameworks.</li> </ul>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ Experience shows that <b>capacity-building support has a more significant impact when it is combined with strong incentives and additional funding</b> for investments and service delivery, especially when it comes to addressing new or often less-known challenges and innovations.</li> <li>■ The <b>awareness and engagement of communities and local governments led to the prioritization and allocation for climate-resilience investments</b>: 22 local governments in Kavre and Sindhuli invested NPR 191.9 million for the environment and climate change in FY 2017/18, which is over two and half times the central government transfer of NPR 53.9 million for the same purpose. This demonstrates that a reasonable-size grant backstopped by technical support can encourage local governments to invest more in climate-resilience investments. This early work did not include the performance-based elements of the grants and annual performance assessments, which will be a new innovation under the proposed programme.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ To complete the stocking-taking mission in 2019 and the updated mission in 2021, an in-depth country scoping for LoCAL deployment in Nepal will take place in early 2022 within the framework of the transition to a federal state. The exercise will consider experiences and lessons learned from LoCAL Phase I and other initiatives on climate finance for subnational government; it will establish a clear path for LoCAL positioning through its PBCRG system and complementary municipal finance instruments for leveraging climate finance for locally led adaptation in Nepal.</li> <li>■ LoCAL will continue to advocate and closely partner with key stakeholders such as the Ministry of Forest and Environment, the Ministry of Federal Affairs and General Administration, and the Ministry of Finance. LoCAL will also continue to support Nepal mobilizing resources for scaling up the LoCAL mechanism (Phase II), including by developing funding proposals at the regional and country levels.</li> </ul>




# Niger

 <p><b>context</b></p>	<p>Niger, like other countries in West Africa, has been hard hit by the effects of climate change, and addressing these is a central plank of LoCAL's commitment in the country. Climate change in Niger is evidenced by, among other factors, a reduction in average annual rainfall, combined with limited temporal and geographic distribution when it does occur; increasingly high temperatures; more frequent periods of drought; marked deterioration in soil quality; and greater ecosystem fragility. The degradation of land potentially suitable for cultivation and the dependence of the country's farms on rainfall make <b>Niger extremely vulnerable to random climatic events</b>.</p> <p>Drafted in 2013, the <b>National Policy on Climate Change</b> aims to contribute to sustainable development by reducing the negative impacts of climate change. Specifically, it seeks to strengthen the population's capacity for adaptation and the resilience of ecological, economic and social systems in relation to climate change; and to incorporate climate change into planning tools for socioeconomic development actions at the national, regional and local levels.</p> <p><b>Decentralization in Niger provides for two levels of local authority</b> – the commune and the region – which are administered by elected councils. Both are legal entities and have financial autonomy, with their own budget, staff and estates. Communes have general powers to provide public services that meet the needs of the population and that do not fall under the jurisdiction of the state or region. Further, the state has the authority to transfer, through devolution decrees made by the Cabinet, a wide range of specific powers – covering, among others, the environment and management of natural resources. Budget transfers from the state are handled through three mechanisms: the Decentralization Support Fund, the Cross-Subsidization Fund of the National Agency for Local Authority Funding (ANFICT) and taxes reassigned by the state.</p>
 <p><b>objectives</b></p>	<p>LoCAL-Niger seeks to demonstrate and <b>highlight the role of communes in promoting local climate change adaptation/resilience measures</b> through integrating climate funding in budget transfer mechanisms and the planning and allocation of local resources. More specifically, it aims to:</p> <ul style="list-style-type: none"> <li>■ Strengthen technical and institutional capacities in the pilot communes to ensure better local governance of adaptation to climate change</li> <li>■ Enable communes to create infrastructure and local services which are resilient to climate change through targeted funding</li> <li>■ Promote increased awareness among commune councillors and local communities about the impact of climate change phenomena and the relevance of a territorial approach to adaptation/resilience</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ Two pilot communes in the Dosso Region – Sokorbé (Department of Loga) and Dogon Kyria (Department of Dogondoutchi) – were selected for the LoCAL-Niger pilot phase and have <b>implemented and completed three PBCRG cycles</b>. They were evaluated in 2016, 2017 and 2019 by a government team together with independent national and international assessors and UNCDF. Both local governments complied with LoCAL minimum conditions, allowing them to maintain access to the grants.</li> <li>■ To capitalize on the pilot experience, LoCAL organized a <b>stocktaking exercise and a national workshop</b> which brought together all stakeholders engaged in LoCAL, including mayors, deconcentrated services and central-level ministries and agencies. The workshop, held in Niamey in November 2017, provided strategic direction for Phase II, whose design was completed over the next year. The three-year pilot phase paved the way for LoCAL Phase II to fully integrate the PBCRG model into the treasury's fiscal transfer system; this has been partially implemented thus far.</li> <li>■ Through the NDC Partnership and the Italian Fund for Migration, LoCAL-Niger secured funding for implementation of <b>Phase II in nine communes</b> in three regions (seven new pilot communes in addition to the original two). Thanks to these grants, in 2020, \$450,000 was disbursed as PBCRGs to LoCAL communes, and some <b>23 adaptation investments</b> were selected and are now under implementation. LoCAL communes use community contracting schemes to create short-term income-generating opportunities and to involve the community in implementation of resilience-building interventions. In three communes in the Tahoua and Zinder Regions, the Italian Fund for Migration has been matching the provision of financial and non-financial services with cash-for-work activities to help vulnerable individuals build their credit history. The positive 2020 annual performance assessment allowed for the release of a new cycle of PBCRGs to benefit the nine communes, which are preparing implementation.</li> <li>■ In 2020, ANFICT officially requested LoCAL assistance in <b>pursuing GCF accreditation</b>. Accreditation will grant Niger direct access to international climate finance and provide an opportunity to scale up LoCAL country-wide, in line with government priorities. In 2021, ANFICT, with UNCDF support, submitted a GCF readiness proposal to accompany its accreditation process, with UNCDF as delivery partner.</li> </ul>





## Niger

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ As <b>Niger began piloting localized climate risk assessments</b>, it established systems to enable local governments to collect, archive and analyse meteorological, climate and socioeconomic data and to undertake local climate projections to inform their planning. In collaboration with the NDC Partnership, LoCAL expanded on this effort in 2020 by developing a country report on climate risk and vulnerability assessment which incorporates a local dimension and indicators. The report was finalized in 2021 and submitted for endorsement as key deliverable for the NDC revision process.</li> <li>■ Niger is one of the West African countries (along with Burkina Faso, Côte d'Ivoire and Mali) included in the <b>joint UNCDF-LoCAL-West African Development Bank (BOAD) funding proposal submitted to GCF</b> in early 2020. The joint proposal aims to help identified local authorities increase their access to funding for adaptation through a combination of dedicated grants and technical assistance throughout the planning, implementation and reporting cycle to develop, finance and implement investments aligned with nationally determined contributions and local needs.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>Since inception, LoCAL-Niger has financed <b>64 adaptation investments</b> in nine communes in the Dosso Region. These investments included rehabilitation of degraded land using semi-circular bunds to combat erosion and tree planting, allowing for greater soil infiltration and thus better supporting plants' water needs; creation of a management committee to make infrastructure sustainable, protect the site and ensure equitable benefits for beneficiaries; contracts signed with nurserymen to supply improved seedlings; and rehabilitation of water wells for increased water storage capacity, well protection from climate variation and to help village women fetch water more easily. This work was carried out by local populations under a cash-for-work programme.</p> <p><b>Capacity-building activities</b> targeting elected leaders, community agents and civil society were also conducted, including (i) training and equipping 50 pest control volunteers, (ii) establishing five community early warning and emergency response systems, (iii) training community workers in climate change-related issues and (iv) training 30 women in improved cook-stove production.</p> <p>Approximately 40 per cent of the 2021 portfolio was devoted to <b>land restoration initiatives</b> to combat desertification and erosion through cash-for-work schemes. Some 380 hectares of degraded land were restored and some 5,000 short-term jobs were created. Climate resilience of rural livelihoods was addressed through support to diversified income-generating opportunities for women, including market gardening and provision of livestock, as well as food supply to communal cereal banks for the most vulnerable communes.</p>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ As the impact of climate change is local and affects multiple sectors, it is important to <b>allow local authorities to choose the priority activities</b> to be funded by LoCAL grants on a consultative basis. A local adaptation action programme, informed by climate risk assessment, must therefore follow on from the list of indicative investments developed when the programme was first established.</li> <li>■ It is essential to design a <b>funding channel for LoCAL grants that is fully aligned with the existing system of intergovernmental transfers</b>. The Phase II design achieved this through alignment with the ANFICT circuit. Funds must be fully integrated with other resources available locally to ensure a progressive acclimatization of regular municipal budgets.</li> <li>■ Capacity building provided to LoCAL pilot communes enabled them to plan and implement climate resilience actions from their annual investment plans and ensure their sustainability, thus demonstrating the <b>importance of capacity-building support to ensure impactful and effective climate change adaptation measures</b> at local level.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ In 2022, the nine communes will implement the fifth PBCRG cycle and address capacity-building needs highlighted by the annual performance assessment.</li> <li>■ LoCAL will continue strengthening its relationship with national counterparts and secure a strong political buy-in to consolidate Phase II and move towards further LoCAL scale-up. Resource mobilization efforts will continue (e.g. the BOAD-UNCDF GCF proposal).</li> <li>■ ANFICT will continue to be supported as it seeks GCF accreditation for direct access to international climate finance.</li> <li>■ LoCAL will engage with the Government of Niger in the ongoing national adaptation plan process to support verticalization of national adaptation objectives. In coordination with country stakeholders, LoCAL will implement an integrated cost-benefit analysis of selected adaptation options to inform potential nationwide and local adaptation strategies.</li> </ul>




# Tanzania

 <p><b>context</b></p>	<p><b>Tanzania's economic growth depends on its environmental and natural resources</b>, with more than 80 per cent of the population dependent on them for income generation and livelihoods. Critical challenges threaten these resources, including their unsustainable harvesting and use, unchecked cultivation practices, degradation of and encroachment on water sources, and the impacts of climate change and extreme weather events. Climate change – evident in 60 per cent of the country – is manifested in droughts, floods, sea level rise and increased water-borne diseases.</p> <p>Given these threats, the government sees an urgent need to protect and manage the environment and its natural resources. In 2021, Tanzania launched its <b>revised National Climate Change Response Strategy</b> (2021–2026), aligning it with national and international development plans such as the country's current (Third) Five-Year Development Plan, nationally determined contributions under the Paris Agreement, and the Sustainable Development Goals (SDGs) in the context of the National Vision 2025 and Zanzibar Vision 2050. Importantly, the strategy triggers the integration of climate change adaptation and mitigation issues into sector policies and plans by providing <b>guidance for enhancing adaptation and resilience measures as well as harnessing mitigation opportunities for economic and development growth</b>. The new strategy also takes into account that Tanzania, since 2020, has largely been a lower middle-income country emphasizing industrialization. This emphasis may have implications on energy and water demand and subsequent greenhouse gas emissions sources and sinks, <b>necessitating climate change intervention strategies at both the policy and community levels</b>.</p>
 <p><b>objectives</b></p>	<p><b>LoCAL-Tanzania is embedded in the Local Climate Finance Initiative (LCFI)</b> and aims at promoting climate-resilient communities and local economies by enabling climate finance to reach the most vulnerable, while complementing existing development finance in line with the SDGs and national development targets embedded in the Third Five-Year Development Plan, particularly Vision 2025, the country's nationally determined contributions and the forthcoming national adaptation plan. To achieve this, LoCAL has two specific outcomes:</p> <ul style="list-style-type: none"> <li>■ Contribute to <b>increased transfer of climate finance to local governments</b> through national institutions and systems for building verifiable climate change adaptation and resilience</li> <li>■ Establish a standard and recognized country-based <b>mechanism that supports direct access to international climate finance</b></li> </ul> <p>LoCAL also aims at achieving the following outputs in Tanzania:</p> <ul style="list-style-type: none"> <li>■ <b>Increased awareness and capacities</b> to respond to climate change adaptation in targeted local government areas and communities in Tanzania</li> <li>■ <b>Climate change adaptation mainstreamed</b> into targeted local authorities' plans and budgets and climate change adaptation interventions and investments are implemented in line with the PBCRG system, as well as integrate gender, participation, and environmental sustainability</li> <li>■ Established <b>PBCRG system</b> and operational in Tanzania</li> <li>■ Consolidated and shared <b>experience and lessons learned</b></li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ LoCAL, with support from the European Union's Global Climate Change Alliance Plus (GCCA+) and under the LCFI, has initiated <b>LoCAL piloting in three districts</b> of the Dodoma Region – Chamwino, Mpwapwa and Kondoa – potentially benefiting more than 800,000 people, particularly women. The objective is to scale up the LCFI mechanism to other districts from 2022 onwards, with support from development partners.</li> <li>■ <b>PO-RALG was nominated as Tanzania's national implementing entity for the Green Climate Fund (GCF)</b> and submitted its official application to GCF in 2019. PO-RALG has received comments from the GCF Secretariat on its proposal and is currently working with UNCDF s to address them.</li> <li>■ As of end 2021, a <b>memorandum of understanding for the launch of a LoCAL pilot with three local governments</b> was signed by PO-RALG – the national-level institution responsible for local authorities – and the Ministry of Finance and Planning on behalf of the Government of Tanzania. A letter of agreement was signed with PO-RALG for the provision of operational budget to support implementation, monitoring, capacity development and overall coordination of LoCAL activities.</li> <li>■ PO-RALG is finalizing setup of the <b>LoCAL-Tanzania Technical Committee</b>, which is expected to meet in Q2 of 2022. Among other functions, the committee will approve local government plans for implementation.</li> </ul>

## Tanzania





 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ Another letter of agreement was signed with Tanzania's Institute of Rural Development Planning for the <b>development of a handbook for training local government staff on mainstreaming</b> climate change adaptation in local government budgeting and planning processes, building on the Assessing Climate Change Adaptation Framework guidelines. The handbook will enhance staff understanding of the LoCAL mechanism and how it works to facilitate access to climate finance by local government authorities.</li> <li>■ <b>LCFI/LoCAL is featured in the National Climate Change Response Strategy 2021–2026</b> as a mechanism that allows local government authorities across the country to access and use climate finance effectively in building verifiable climate-resilient local economies and communities.</li> <li>■ The LoCAL technical team supported the National Environment Management Council in preparing a <b>proposal to the Adaptation Fund</b>, which was submitted 10 January 2022.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>LoCAL-Tanzania is supporting the three pilot districts – Chamwino, Mpwapwa and Kondoa – in identifying priority adaptation measures to be financed with PBCRGs. Synergies with other initiatives, such as the UKAid-financed Accountability in Tanzania (AcT-2) Programme, will ensure enhanced capacity-building support to districts and communities during the planning process.</p>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ Despite renewed commitment towards LCFI implementation by all stakeholders, a lack of funding was identified as a major obstacle to project scale-up. Developing a <b>medium- to long-term resource mobilization strategy at programme onset is critical</b> to ensuring the mechanism's sustainability after the pilot phase ends.</li> <li>■ <b>Concerns raised over the de facto participation of women and marginalized groups</b> in the local government authority planning process; the use of divisions as a planning forum, as opposed to districts (which are part of the public planning and budgeting system); and potential political bias in the planning process need to be addressed in future phases of LCFI.</li> <li>■ Ensuring that <b>grants are of sufficient size for fiscal sustainability</b> is a key element in the design of LoCAL-Tanzania.</li> <li>■ Government procedures and protocols for approving and signing agreements need to be understood well in advance of project start dates in order to avoid delays in implementation. This requires close interaction with several government entities, particularly the Ministry of Finance and Planning, to <b>ensure full understanding of project scope and objectives and alignment with government goals</b>.</li> <li>■ As a <b>new approach to development financing</b> in Tanzania, it will take time for partners to understand and apply the LoCAL mechanism. However, local government authorities acknowledge that LoCAL will sustain local climate change adaptation efforts and capacities.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ With support from GCCA+, the PBCRG mechanism will be piloted in three districts of the Dodoma Region and scaled up to other districts at the end of 2022 / beginning of 2023 with support from development partners and as resources are mobilized.</li> <li>■ LoCAL will continue exploring partnerships to allow scale-up of PBCRGs and capacity building to additional districts.</li> <li>■ LoCAL will provide follow-up and technical assistance to support PO-RALG and the National Environment Management Council throughout the GCF accreditation process.</li> <li>■ In partnership with PO-RALG and the Institute of Rural Development Planning, LoCAL will undertake training and capacity building on public financial management and LoCAL as well as on climate change adaptation mainstreaming with target districts throughout 2022.</li> <li>■ A letter of agreement will be proposed to the Vice-President's Office, as Tanzania's climate change focal point, for provision of operational budget support for execution of LoCAL-specific tasks, e.g. climate information, mainstreaming and resilience planning tools; sensitization of communities on climate change adaptation; establishing a tracking system for domestic and international climate finance flows for enhanced coordination of climate initiatives at the subnational level; and promoting vertical integration of key climate-related policies, legislative documents, regulations and guidelines using the LoCAL mechanism.</li> </ul>

## Tuvalu

 <p><b>context</b></p>	<p>Tuvalu is the fourth smallest country in the world with a population of around 11,000 and a land area of 25.9 km<sup>2</sup>; its exclusive economic zone covers 900,000 km<sup>2</sup>. Like other Pacific Island countries, Tuvalu faces a unique set of development challenges due to its small size; narrow production and export bases; insularity; remoteness; fragmented, limited resources and capacity constraints; and proneness to natural disasters and vulnerability to climate change. These characteristics heighten its susceptibility to economic and climate-related shocks. <b>Climate change has been identified by the Government of Tuvalu and the Pacific Islands Forum Leaders as the greatest threat facing it and other small island countries.</b> Tuvalu faces key climate vulnerabilities including scarcity of freshwater, coastal erosion, soil salinization, reduced fish habitats due to ocean acidification, coral bleaching, rising sea water levels and increasing extreme climate events (typhoons, wave surges)</p> <p>Given the context of climate vulnerabilities and risks in Tuvalu and the Pacific region in general, LoCAL-Tuvalu addresses climate change adaptation and resilience measures, climate-related disaster risk reduction and disaster preparedness measures (e.g. cyclones, prolonged drought).</p>
 <p><b>objectives</b></p>	<p>The aim of LoCAL-Tuvalu is to improve the capacities of local governments to address climate change by increasing access to climate change adaptation financing through performance based climate-resilience grants (PBCRGs). The expected outputs are as follows:</p> <ul style="list-style-type: none"> <li>■ <b>Effective PBCRG system</b> (finance mechanism) is established in Tuvalu and operational for additional funding</li> <li>■ Inclusive, effective and accountable <b>climate change mainstreamed</b> in planning and budgeting processes at the <i>kaupule</i> level</li> <li>■ Climate change–resilient investments (services and infrastructure) are managed efficiently and effectively, and transparently <b>implemented by the participating kaupules</b> through the PBCRG system</li> <li>■ Monitoring and evaluation system, and lessons learned to inform national policies, informed through experiences with the launch of LoCAL and the <b>integration of climate change</b> in all steps of the local public financial management process and improvements of public financial management</li> <li>■ Completed <b>roll-out plans and capacity-building support for new kaupules</b> by end of programme</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ <b>Tuvalu is the first country to implement LoCAL in the Pacific.</b> A memorandum of understanding was signed between LoCAL and Tuvalu in December 2015. Subsequently, the LoCAL mechanism was adopted rapidly in Tuvalu and various strategic missions were held to prepare for implementation, which commenced in 2016.</li> <li>■ Through a participatory and inclusive process, a <b>climate vulnerability and risk scan</b> was undertaken for the first batch of climate adaptation and risk reduction investment activities to inform the requirements of the LoCAL planning process. The initial investment activities were successfully implemented by the three pilot <i>falekaupules</i> (local governments) under the first tranche of the PBCRG for FY 2016/17 and the second tranche for FY 2017/18.</li> <li>■ The <b>second annual performance assessment</b> (APA) of the kaupules/falekaupules under the LoCAL programme was successfully completed in May 2017. The APA reviewed compliance on the part of the pilot kaupules with the minimum conditions for access to grants for the FY 2017/18. The APA found LoCAL has good traction in the initial three LoCAL programme pilot local government authorities. Upon approval of the APA report and its recommendations, UNCDF released the second tranche of the PBCRG to Tuvalu for allocation as per the determined formula so the kaupules can implement their FY 2017/18 activities.</li> <li>■ The <b>third APA</b> verified that all three participating kaupules – Nukulaelae, Nukufetau and Namumea – have met the minimum conditions, and were thus qualified to receive the next PBCRG cycle. The assessment also noted that the <b>performance of LoCAL kaupules had improved significantly</b>, particularly in planning and budgeting, financial management and climate resilience investments, with an average 83 per cent improvement on performance measures noted from 2016 to 2018. Following compliance with minimum conditions, a third cycle of PBCRG was channelled to the pilot kaupules in 2020.</li> <li>■ Stringent COVID-19 restrictions on movement kept the <b>third PBCRG cycle in Tuvalu on hold</b>, with plans for release and implementation of PBCRG-financed investments in early 2022 as restrictions are lifted.</li> </ul>



## Tuvalu

 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ A concept note for <b>scaling up LoCAL</b> was prepared with the Government of Tuvalu in 2019. The objective is to increase the resilience of island communities across the country through predictable, systemic and verifiable climate finance in support of local climate responses, through increased kaupule access to climate finance to implement climate change adaptation investments in Tuvalu (outcome 1) and institutionalizing a standard and internationally recognized country-based mechanism of PBCRGs to attract further domestic and international climate finance (outcome 2). The initiative will support <b>LoCAL-Tuvalu scale-up to all nine islands over a four-year period</b>, with a focus on those islands more vulnerable to climate change and exposed to climate-related risks.</li> <li>■ As one of four small island developing states pursuing <b>access to international climate finance to consolidate / scale up LoCAL</b>, Tuvalu participated in drafting a multi-country Green Climate Finance (GCF) concept note in partnership with the Secretariat of the Pacific Community; this was submitted to GCF for approval during 2022.</li> <li>■ LoCAL supported the Government of Tuvalu in designing a <b>model for its performance-based grants</b> to kaupules to which LoCAL will provide a top-up to cover the additional costs of adaptation. The model is viewed as a bridging phase between the existing general performance-based grants system and future LoCAL scale-up.</li> </ul>
 <p><b>adaptation measures and investments</b></p>	<p>The viability of subsistence-based livelihoods in Tuvalu is likely to be undermined significantly due to climate change. Consequently, the <b>first and second cycles of PBCRG investments focused on two critical axes: water and sanitation, and disaster prevention and preparedness</b>.</p> <ul style="list-style-type: none"> <li>■ The key vulnerabilities and risks related to water are increased variability and decreased predictability of rainfall and safe water availability. To this end, <b>six water catchment and harvesting systems</b> were completed in the three kaupules.</li> <li>■ Tuvalu is also dangerously exposed to extreme climate events such as storms and cyclones. <b>Two cyclone shelters</b> were constructed in two kaupules which will provide protection for more than 800 inhabitants.</li> </ul>
 <p><b>lessons learned</b></p>	<ul style="list-style-type: none"> <li>■ To undertake climate change adaptation activities effectively and efficiently, an incentive-based performance system could be considered to <b>promote service delivery within other institutions</b>.</li> <li>■ <b>Meaningful participation of vulnerable and marginalized communities</b> through bottom-up planning needs to be ensured. Such participation helps integrate climate change risk management activities into community development and planning processes. At programme outset, a number of stakeholders at the village level were not fully aware of their role and responsibilities.</li> <li>■ Capacity at both the kaupule and government levels has been identified as a major constraint to successful provision of services to communities, and as such has been accorded high priority. <b>Awareness raising and capacity enhancement</b> are very important at programme start and throughout the life of a project. As part of the overall capacity development strategy planned for Phase II, institutional and organizational reform at the kaupule as well as at the central government level will be needed. Capacity development support in the country will be coordinated with a number of core initiatives such as the National Adaptation Programme of Action II and the Public Sector Reform Programme.</li> <li>■ It is also envisaged that <b>collaboration with the newly implemented Tuvalu Coastal Adaptation Project</b> would be supported and reinforced.</li> </ul>
 <p><b>way forward</b></p>	<ul style="list-style-type: none"> <li>■ LoCAL will assist kaupules in implementation of the third cycle of PBCRGs and of the recommendations arising from the third APA.</li> <li>■ LoCAL will support efforts for Phase II deployment in the planning and preparation of interventions for up-scaling with expected coverage of all local governments, or at least an additional two or three authorities.</li> <li>■ In light of prospective scale-up, LoCAL will, in early 2022, support updating of the project design note, taking into account lessons learned during the pilot phase and further integrating LoCAL with the new general performance-based grant system and reflecting changes in the concept note shared with development partners.</li> <li>■ LoCAL will continue to support Tuvalu in mobilizing additional finance from funds and development partners for scale-up.</li> </ul>

# Uganda

 <p><b>context</b></p>	<p><b>Uganda's climate is naturally variable and susceptible to flood and drought events</b>, which have had negative socioeconomic impacts. Uganda's National Adaptation Programme of Action cites an average temperature increase of 0.28°C per decade in the country between 1960 and 2010, with the months of January and February most affected by this warming trend, averaging an increase of 0.37°C per decade. Also, the frequency of hot days in Uganda has increased significantly over the reference period, and the frequency of cold days has dropped, resulting in a spread of malaria into new areas of the country. Changes in rainfall patterns have also been observed, with decreasing and more unreliable rainfalls, as well as increased incidence of drought events.</p> <p>This <b>scenario is expected to deteriorate</b> as anthropogenic climate change hits hard in Uganda. A review of modelling outputs for East Africa based on the Intergovernmental Panel on Climate Change's carbon dioxide emissions scenarios finds consensus around an increase in mean temperature by up to 1.5°C in the next 20 years and by up to 4.3°C by 2080. Changes in rainfall patterns and total annual rainfall amounts are also expected, but these are less certain than changes in temperature. Uganda's climate may become wetter on average, and the increase in rainfall may be unevenly distributed and manifest as more extreme or more frequent periods of intense rainfall. Changes in temperature, regardless of rainfall, are likely to have significant implications for water resources, food security, natural resource management, human health, settlements and infrastructure. Further, there is a high likelihood of increased frequency and severity of extreme weather events such as heat waves, droughts, floods and storms.</p> <p>Climate change can negatively affect development activities – and even reverse past successes. Given the high levels of poverty and inequality in Uganda, climate change is a very real threat for both the most vulnerable populations and overall development progress. Uganda is ranked 166 out of 181 countries on the <a href="#">Notre Dame Global Adaptation Initiative</a> index for vulnerability and readiness for climate change adaptation, meaning that it is <b>very vulnerable yet very unready to cope with climate change effects</b>.</p>
 <p><b>objectives</b></p>	<p>The overall objective of the Uganda's LoCAL programme is to <b>increase the resilience of communities and local economies across the country</b> through regular, predictable, systemic and verifiable climate finance in support of local climate response/action.</p> <p>LoCAL-Uganda aims to provide supplementary capital through its performance-based climate resilience grant (PBCRG) system to finance local public climate change–resilient investments in target districts and increase awareness and capacities to respond to climate change at the local level, integrate climate change adaptation into local government planning and budgeting systems in a participatory and gender-responsive manner, and increase the level of climate finance available to local government authorities (i.e. districts) for climate-smart, resilient investments.</p> <p>These objectives will be addressed through three outputs:</p> <ul style="list-style-type: none"> <li>■ <b>Awareness and capacities to respond to climate change adaptation are increased</b> at the central and subnational levels</li> <li>■ <b>Climate change adaptation is integrated into district plans and budgets</b>, and climate change adaptation interventions and investments are implemented in line with the PBCRG system</li> <li>■ <b>An effective PBCRG system (finance mechanism) is deployed</b> across Uganda and is operational for additional funding</li> </ul>
 <p><b>achievements</b></p>	<ul style="list-style-type: none"> <li>■ UNCDF is supporting the Government of Uganda in implementing LoCAL Phase I and its PBCRGs as a top-up grant to the <b>general discretionary development equalization grant</b> (DDEG).</li> <li>■ LoCAL-Uganda was designed and developed with support from the European Union (EU) / GCCA+; technical assistance from UNCDF; and dialogues between UNCDF, the Government of Uganda (represented by the Ministry of Local Government, the Ministry of Finance and the Ministry of Water and Environment) and bilateral partners (particularly the EU Delegation to Uganda and the Governments of Belgium and Sweden) initiated to identify synergies and complementarities as well as funding opportunities.</li> <li>■ Subsequently, the Government of Sweden <b>funded the LoCAL pilot</b> in Uganda, and the Government of Belgium committed approximately EUR 6.5 million to fund LoCAL-Uganda for <b>three PBCRG cycles under Phase I and one cycle under a bridging phase</b> (Year 4) as the country transitions to Phase II. The Government of Uganda committed co-financing of approximately \$1 million via its Ministries of Local Governments and Finance.</li> <li>■ <b>Further discussion of funding opportunities for LoCAL-Uganda</b> continued in 2021 with partners including the EU Delegation to Uganda and the Government of Denmark.</li> </ul>

## Uganda



### achievements

- Negotiations on a **memorandum of understanding (MoU)** to deploy the LoCAL mechanism and transfer PBCRGs to the Government of Uganda began in 2021 and are expected to be concluded in early 2022. The MoU will be signed by the Ministry of Local Government – the institution responsible for local authorities in the country – which is committed to support implementation, monitoring, capacity development and overall coordination of activities; and the Ministry of Finance, which will provide financial management and monitoring of funds delivered under LoCAL.
- A **letter of agreement has been signed with the Ministry of Local Government to provide it with operational budget support in the execution of LoCAL-specific tasks** (e.g. for LoCAL-Uganda programme management); coordination of capacity development activities at the central and subnational levels; provision of advice on LoCAL-related aspects of the DDEG; support to overall operations; updating of DDEG guidelines; ensure reporting on activities and inspection of compliance by participating districts etc.
- A separate **letter of agreement was proposed to the Ministry of Water and Environment as Uganda's climate change focal point for the provision of operational budget support to execute climate change-related activities** such as capacity-building support to target districts on climate information, mainstreaming and resilience planning tools (including concerns related to marginalized groups, environmental screening and assessments, and preliminary findings of the climate change risk assessment); and sensitization of communities on climate change adaptation and on LoCAL. The letter of agreement also aims to support the identification and updating of LoCAL performance measures in the overall performance assessment system, the development of concept notes and funding proposals building on the LoCAL mechanism, and promotion of vertical integration via LoCAL in climate-related national policies, legislative documents, regulations and guidelines.
- As part of LoCAL, UNCDF supported the development of a **climate risk assessment** to provide data for climate risk-informed local development planning by identifying and mapping climate risk, exposure and vulnerability hotspots at the district level. Local decision makers, in consultation with their communities, can use this information to prioritize climate change adaptation actions and investments based on quantified scientific analysis.
- UNCDF supported the Ministry of Water and Environment, a national accredited institution to the Green Climate Fund (GCF), in developing an **Enhanced Direct Access GCF funding proposal** building on the LoCAL model.
- Uganda's Minister of Local Government, together with 13 other high-level officials and/or ministers from other countries, signed a **ministerial declaration in 2021 calling for LoCAL to be used to channel increased climate finance** to least developed countries and other climate-vulnerable nations for locally led adaptation.



### way forward

- Hold launch event in Q2 2022 with high-level officials from the Government of Uganda and development partners in attendance
- Operationalize the LoCAL mechanism with government partners through signature of pending agreements and recruitment of a project management unit to kick off PBCRG implementation with pilot local governments
- Roll out the country climate risk assessment to guide the selection of LoCAL districts based on risk hotspots and pressing vulnerabilities
- Finalize selection of target districts for first two PBCRG cycles with the Government of Uganda
- Pursue negotiations with key partners such as ODI for the provision of technical assistance and capacity-building support to LoCAL-Uganda and sign grant agreements in 2022
- Pursue resource mobilization efforts through direct access support of the Ministry of Water and Environment to GCF (pipeline development) and regular dialogue with development partners



The **Local Climate Adaptive Living Facility (LoCAL)** was designed to promote climate change–resilient communities and local economies by establishing a standard, internationally recognized country-based mechanism to channel climate finance to local government authorities in least developed countries. It thus aims to contribute through the local level to country achievement of the Paris Agreement and the Sustainable Development Goals – particularly poverty eradication (SDG 1), sustainable cities and communities (SDG 11) and climate action (SDG 13). LoCAL increases local-level climate change awareness and capacities, integrates climate change adaptation into local government planning and budgeting in a participatory and gender-sensitive manner, and increases the financing available to local governments for climate change adaptation. LoCAL combines performance-based climate resilience grants – which ensure programming and verification of climate change expenditures at the local level while offering strong incentives for performance improvements in enhanced resilience – with technical and capacity-building support.

The **UN Capital Development Fund** makes public and private finance work for the poor in the world's 46 least developed countries (LDCs).

UNCDF offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

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