

Local Climate Adaptive Living Facility (LoCAL)



Empowering
local
governments
for resilience

Why LoCAL?

Climate change is a global issue, but its impacts are felt at the local level. All over the world, droughts, floods, mudslides, vector-borne disease outbreaks, land erosion, and similar events due to anthropogenic climate change are significantly affecting both urban and rural villages and cities, putting added pressure on the adaptive capacity of local communities – particularly those at the bottom of the economic pyramid.

LOCAL AUTHORITIES are increasingly seen as key in the promotion of climate change adaptation and in building resilience to climate change at the local level. They are in a unique position to identify the climate change adaptation responses that best meet local needs, and typically are mandated to undertake the small- to medium-sized adaptation and infrastructure



investments needed for building climate resilience – e.g. land use planning, environmental and construction regulation, irrigation, drainage and defence from natural hazards. Plus, they have the legitimacy and convening power to coordinate, co-finance and interact with stakeholders, including national-level institutions, civil society bodies, the private sector and various local government departments. Yet, they frequently lack the technical capacity and resources to fulfil this mandate – especially in a way which is aligned with established decision-making processes and public planning and budgeting cycles.

What is LoCAL?

The Local Climate Adaptive Living (LoCAL) facility of the UN Capital Development Fund (UNCDF) 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 (LDCs). 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 (PBCRGs) – 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.

Market garden water pond is recharged with a solar-based well water pump in Mali's Sandaré commune, photo © N. Meulders/LoCAL-UNCDF

How does LoCAL work?

LoCAL operates through three phases:

- **PHASE I: PILOTING** comprises an initial scoping analysis, followed by testing in two to four local governments. Phase I countries as of end 2018 are **The Gambia, Lesotho, Tanzania and Tuvalu; Ghana, Lao PDR, Mali and Niger** are preparing to enter Phase II.
- **PHASE II: CONSOLIDATING**, which takes place in 5–10 local governments, involves collecting lessons and demonstrating LoCAL effectiveness at a larger scale. Phase II countries as of end 2018 are **Bangladesh, Benin, Cambodia, Mozambique and Nepal**.
- **PHASE III: SCALING-UP** is full national LoCAL roll-out based on the results of the previous phases and lessons learned. LoCAL is gradually extended to all local governments with domestic or international climate finance, and becomes the national system for channelling adaptation finance to the local level. **Bhutan** is in Phase III, with budget support from the European Union; **Benin** and **Cambodia** have begun Phase III preparations.



How do LoCAL grants work?

PBCRGs provide a financial top-up to cover the additional costs of making investments climate resilient, and are channelled through existing government fiscal transfer systems. LoCAL grants are disbursed as part of a local government's regular budget envelope and can thus finance the adaptation element of larger projects, allowing for holistic responses to climate change. PBCRGs include **MINIMUM CONDITIONS, PERFORMANCE MEASURES** and a **MENU OF ELIGIBLE INVESTMENTS**. Putting them in place typically involves:

- Local climate **RISK ASSESSMENTS** to inform adaptation planning and mainstreaming, assessing needs and capacities
- Local governments **INTEGRATING ADAPTATION** in a participatory and gender-sensitive manner in their local development planning and budgeting processes, costing and selecting adaptation measures, and developing local adaptation programmes to be financed through PBCRGs
- Disbursing **GRANTS** in the context of local authorities' annual planning and budgeting cycles, and **IMPLEMENTING** selected adaptation measures
- **APPRAISING PERFORMANCE** to determine how additional resources have been used to build resilience and promote adaptation, and conducting audits as part of a regular national process; these performance results inform the next year's PBCRG allocations
- Undertaking **CAPACITY-BUILDING** activities when and as appropriate to identified needs, targeting the policy, institutional and individual levels – and strengthening local authorities' incentives for continuous performance improvement and focusing on the most needed adaptation interventions

What is LoCAL's added value?

- LoCAL is **ALIGNED** with country strategies and uses existing government systems, fully embracing the aid and development **EFFECTIVENESS AGENDA FOR CLIMATE CHANGE**.
- LoCAL makes use of **PBCRGs**, providing incentives through financial top-ups, helping build **STRONGER AND MORE TRANSPARENT** government financial systems.
- LoCAL promotes **INTEGRATION OF CLIMATE CHANGE ADAPTATION INTO LOCAL DEVELOPMENT PLANNING**, supporting implementation of national climate change and decentralization strategies, such as nationally determined contributions (**NDCs**).
- LoCAL ensures the **VOICES OF THE COMMUNITIES AND THE POOREST AND MOST VULNERABLE** – including women and youth — are captured in local development plans and investments, so climate finance reaches those who need it most.
- LoCAL offers a **PROVEN MECHANISM** for the international community to channel climate change finance to the world's most remote and vulnerable regions and populations, ensuring **TRACEABILITY** and performance **MONITORING** and reporting.
- LoCAL empowers local governments in contributing towards **ACHIEVEMENT** of **SDGs** 1, 11 and 13; **NDCs**; national adaptation plans; and **NATIONAL COMMUNICATIONS** to the UNFCCC, among others.
- LoCAL contributes to **LOCAL ECONOMIC DEVELOPMENT**, particularly in the **GREEN ECONOMY**, and by stimulating job creation and local economic actors, particularly micro, small and medium enterprises.



Construction of an improved rain gutter in Boukombé commune in Benin, photo © J. Bekou/LoCAL-UNCDF

Recent LoCAL achievements

Since 2011, LoCAL has benefited 107 local governments in 14 countries (**Bangladesh, Benin, Bhutan, Cambodia, The Gambia, Ghana, Lao PDR, Lesotho, Mali, Mozambique, Nepal, Niger, Tanzania and Tuvalu**), representing over 6 million people, having delivered close to \$16.5 million – including grants and technical assistance to countries totalling \$10.9 million – and mobilized \$55.6 million from donors and parallel funding from governments.

- As of the end of 2018, LoCAL had helped participating local governments increase their resilience to climate shocks by implementing over **520 INVESTMENTS**, with another 100 under implementation or being planned, ranging from the construction of climate-proof irrigation canals and rehabilitated rural roads to capacity-building interventions designed to encourage behavioural changes such as climate-adaptive agricultural practices.
- **Bhutan and Cambodia** have begun developing scientific climate change reports; **Benin, Ghana, Mali and Niger** have benefited from a thorough review of their respective climate change risk, and vulnerability and adaptation (CRVA) assessment landscape, and have begun piloting a new, country-based methodology for CRVA. These efforts pave the way for **ROBUST, SCIENCE-BASED LOCAL CLIMATE ASSESSMENTS** to inform local planning and investment.
- In **Benin, Bhutan, Cambodia, Mali and Tanzania** – and with LoCAL support – an agency involved in decentralization and/or LoCAL was nominated as the country's national implementing entity to pursue **ACCREDITATION WITH THE GREEN CLIMATE FUND (GCF)**, with a view to full national LoCAL scale-up through direct access to GCF funding. Five of these countries have, with support from the LoCAL Secretariat, submitted concept notes to the GCF.
- Over the 2014–2018 period, LoCAL and its participating countries advocated for **BETTER RECOGNITION OF LOCAL GOVERNMENT'S ROLE IN ADDRESSING CLIMATE CHANGE** through presentations at and participation in over 20 high-level events, for instance the GCF Technical Expert Group on Climate Adaptation Finance.

LoCAL will reach over
350 million people when full
national scale-up has been
achieved in its current 14 countries.

For further information:

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UNCDF: Unlocking public and private finance for the poor

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, 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 two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments —

through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

