



# LoCAL

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R E P O R T  
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**LoCAL**  
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*Cover photo:* Over 100 participants from some 17 countries met 2–4 November 2015 in Siem Reap, Cambodia, to share lessons learned from the LoCAL-UNCDF experience and to coordinate the development of LoCAL as a global mechanism. Photo by Cédric Jancloes, © LoCAL-UNCDF.

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# About LoCAL

## PURPOSE

Climate change brings about an increase in the variability, frequency and severity of extreme weather events. Even though the whole world's population is susceptible to these changes, poor countries have the least means to cope with them. Further, these countries host a disproportionate number of people living in vulnerable areas, often with a high dependence on natural resources. According to the United Nations Development Programme's (UNDP's) *Human Development Report 2007/2008*, which focused on fighting climate change, over 98 per cent of the people affected by climate disasters between 2000 and 2004 lived in developing countries. Adaptation needs are thus especially pressing in least developed countries (LDCs).

Existing funding for climate change adaptation primarily supports large-scale national projects and institutions, bypassing local communities. Yet local institutions are best placed to identify local adaptation needs and priorities, including those involving water management (irrigation, drainage, storage and harvesting), land use and construction regulation (zoning, planning, building standards enforcement) and

support to the local economy (agricultural extension, changing crop patterns, storage and distribution). Local responses can also create opportunities for innovative public-private partnerships, which in turn can increase the amount of resources dedicated to adaptation. So one way to improve the effectiveness and accelerate the speed of implementation of climate change adaptation in LDCs is to engage more meaningfully at the sub-national and local government levels.

However, despite the clear relevance of the local level to meaningful adaptation, evidence shows that most local governments in LDCs are not able to contribute effectively to climate change adaptation and resilience building. A number of reasons underlie this inability, as shown in Figure 1.

## APPROACH

The Local Climate Adaptive Living Facility (LoCAL), an initiative of the United Nations Capital Development Fund (UNCDF), responds to this challenge by providing a mechanism to integrate climate change adaptation into local government planning and budgeting systems, increasing

OPPOSITE PAGE: Sida representative Zahra Ayadi visits a green shed in Bangladesh constructed with LoCAL support for climate-resilient/adaptive seedlings and saplings; photo by Jesmul Hasan, © LoCAL-UNCDF

**FIGURE 1: Obstacles to local government contribution**



awareness of and response to climate change at the local level, and increasing the amount of finance available to local governments for climate change adaptation.

LoCAL does this by awarding performance-based climate resilience grants (PBCRGs), an instrument that ensures the programming and verification of climate change expenditure at the local level. LoCAL relies on the demonstration effect to trigger further flows for local adaptation, including national fiscal transfers and access to global climate finance for local governments (through their national governments), and for private and public-private adaptation initiatives.

The following summarizes the LoCAL global programme's results and resource framework, presented graphically in Figure 2:

- **LoCAL development goal.** Promote climate change-resilient communities and economies by increasing financing for and investment in climate change adaptation at the local level in least developed countries, thereby contributing to the achievement of the Sustainable Development Goals (SDGs), particularly Goal 1, ending poverty; and Goal 13, combating climate change and its impacts.
- **Programme outcome.** Increased local government access to climate finance to

implement climate change adaptation activities in target countries.

- **Output 1: Mainstreaming.** Climate change adaptation is mainstreamed into government planning and budgeting systems.
- **Output 2: Awareness.** Increased awareness of and response to climate change at the local level.
- **Output 3: Finance.** Increased amount of climate change adaptation finance available to local government and local economy.
- **Output 4: Implementation.** The project is effectively, efficiently and transparently implemented in line with UNCDF project management regulations.

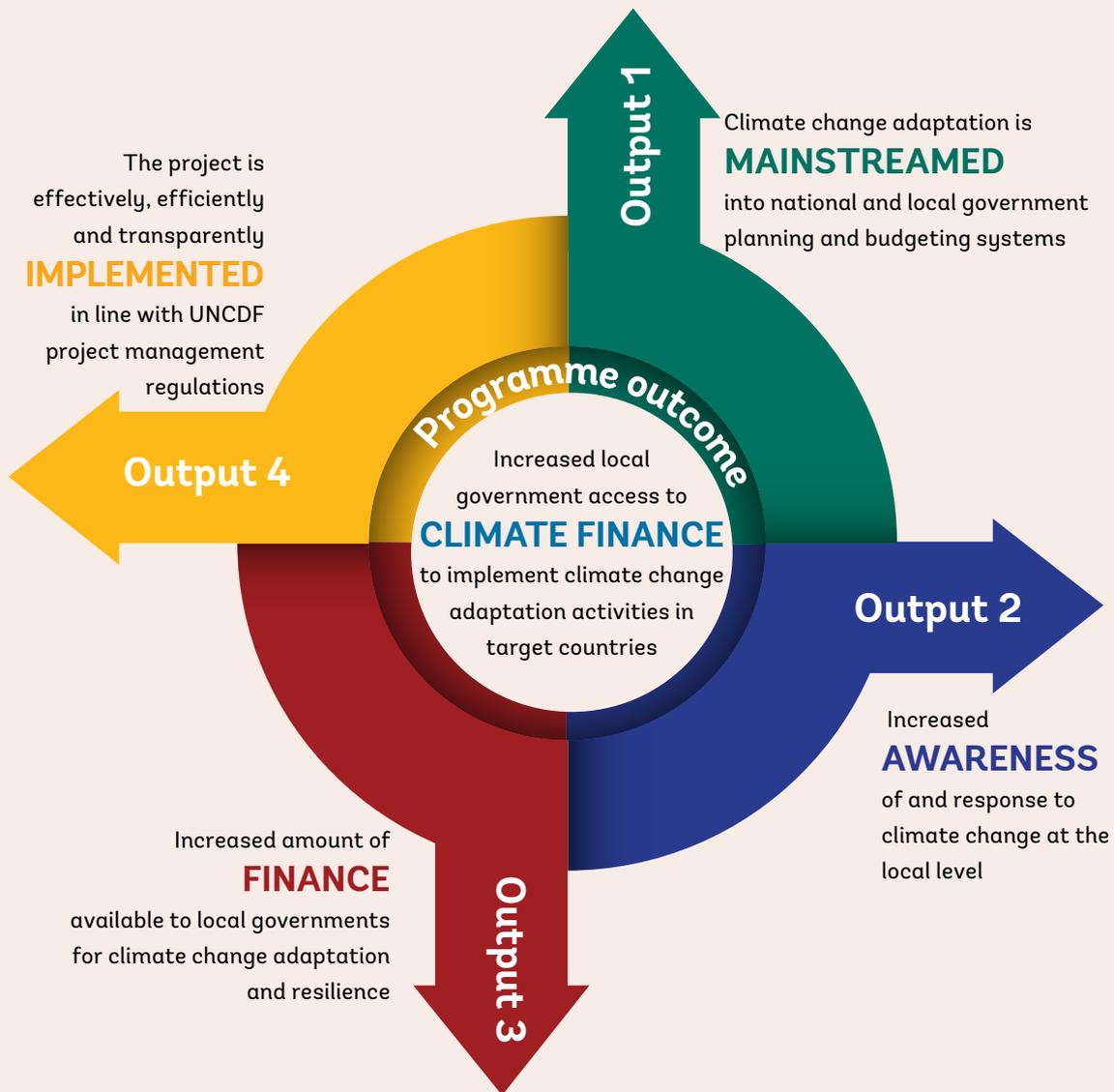
## METHODOLOGY

The LoCAL programme applies the principles of fiscal decentralization, effective local public financial management and local investments to climate change. LoCAL builds on two decades of UNCDF experience in these areas of work and with performance-based grants (Figure 3), capturing and capitalizing on the lessons learned. LoCAL applies UNCDF's core approach to local development finance, which is to mobilize, allocate, invest and make accountable increased resource flows to the local level for sustainable, inclusive and equitable local

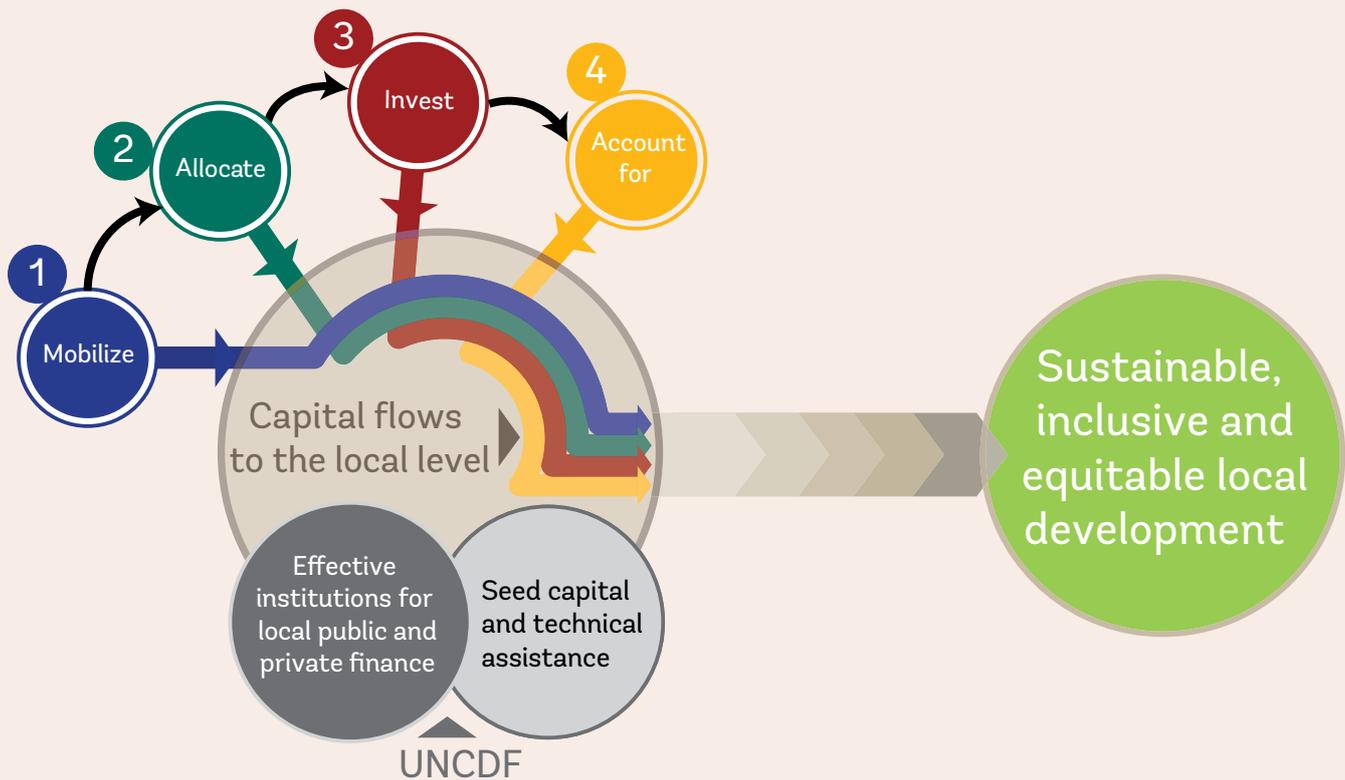
**FIGURE 2: LoCAL programme goal, outcome and outputs**



**Development goal:** Promote climate change-resilient communities and economies by increasing financing for and investment in climate change adaptation at the local level in LDCs



**FIGURE 3: UNCDF core approach**



development – in this case, characterized by resilience to climate change.

LoCAL enables countries to effectively provide finance for resilient communities and economies at the local level, thus diversifying the economic base and broadening national resilience to climate change. Through the PBCRG system, it provides LDCs with a mechanism to attract further climate finance to the local level.

LoCAL operates primarily in LDCs, working with rural local governments at the lowest or second lowest tiers and small towns with populations under 600,000.

LoCAL is implemented in three phases focused, respectively, on piloting, learning and scaling-up (Figure 4).

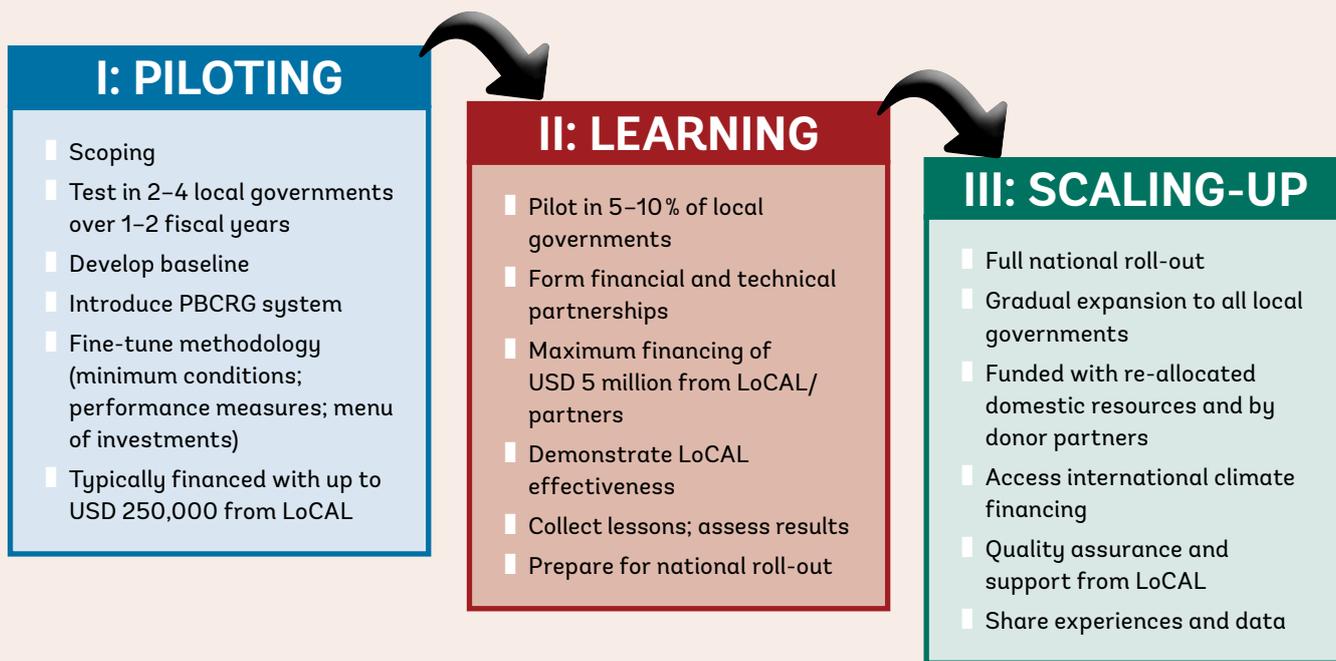
The LoCAL methodology was first piloted

in Bhutan and Cambodia in 2011. The experiences gained there have enabled UNCDF to refine and strengthen the LoCAL approach and to expand the programme to nine other countries in two regions (Figure 5).

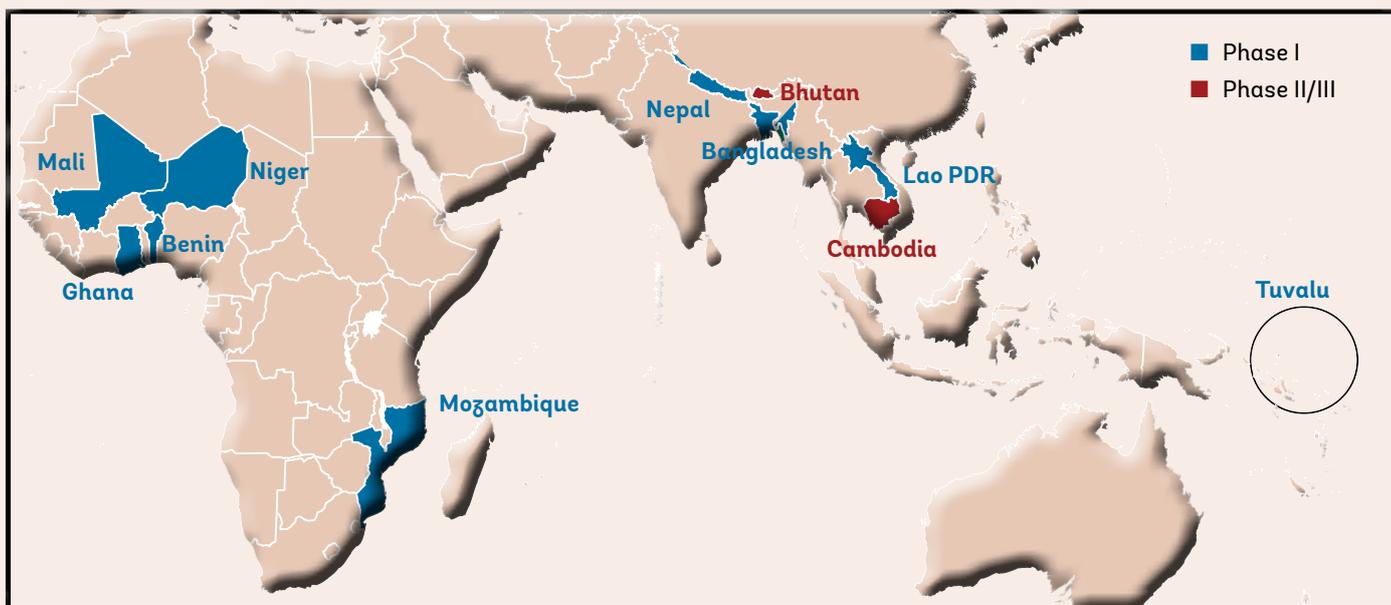
One of LoCAL's objectives is to support a form of direct access to international climate funds for LDC local governments through their central governments. Therefore, the more LDCs that take part in LoCAL, the more effective it becomes as a mechanism for local adaptation finance and for peer-to-peer learning.

Funding permitting, the LoCAL initiative has the potential to cover all LDCs within its five-year planned duration (2013–2018); at its end, all LDCs should be at Phase II or III, with dedicated windows for local adaptation finance established by national and global climate finance institutions.

**FIGURE 4: LoCAL phases**



**FIGURE 5: LoCAL countries**





# 2015 achievements

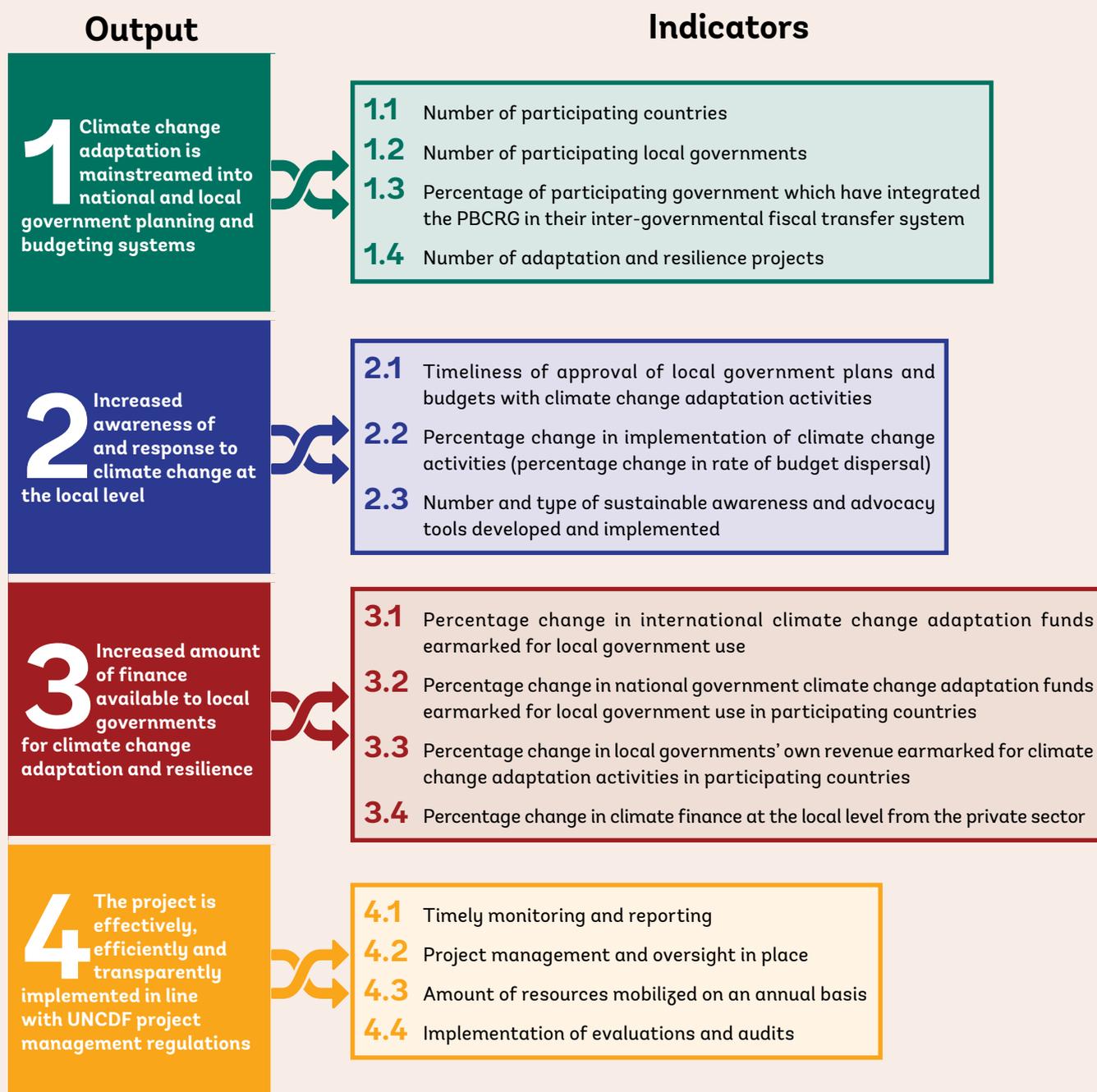
**T**he LoCAL global programme achieved its output targets for 2015; these accomplishments are detailed on the following pages by output and in terms of the indicators established in the UNCDF LoCAL [Global Project Document](#) (see Figure 6). Notable achievements include the following:

- As of end 2015, Phase I and II LoCAL programmes had been designed and adopted (i.e. a memorandum of understanding had been signed) in 11 countries. The new countries participating with LoCAL in 2015 are Ghana, Mozambique, Niger and Tuvalu (see below); they join Bangladesh, Benin, Bhutan, Cambodia, Lao PDR, Mali and Nepal.
- In 2015, grants totalling USD 2.29 million were delivered to LoCAL countries.
- In 2015, scoping and design was undertaken for Tuvalu, the first LoCAL participating country in the Pacific, and one of the most vulnerable countries in the world to the impacts of climate change. Transfer of its grant will be processed in the second quarter of 2016.
- As of end 2015, 57 local governments representing 4.5 million people were engaged in the PBCRG system.
- Some 10 high-level awareness-raising and advocacy initiatives were conducted around the world in 2015. The visibility gained at these venues was invaluable in promoting both the role of sub-national governments in increasing resilience to climate change effects and the use of PBCRGs.
- Cambodia nominated the Secretariat of the National Committee for Democratic Development as its first national implementing agency to access Green Climate Fund resources in order to scale up LoCAL in the country.

One key strategic aspect of the LoCAL mechanism is that it provides a unique and accountable funding channel for global funds specifically devoted to the LDCs. With 11 LDC representatives as part of the programme Board, LoCAL is taking on an increasingly important role in global negotiations, giving LDCs a united voice to lobby for climate funds. Success of the LoCAL mechanism underlined the strong potential of the performance-based grant model in upcoming months and years.

OPPOSITE PAGE:  
Irrigation system,  
Tchandoga, Commune  
of Copargo, Benin;  
photo by Joël Békou,  
© LoCAL-UNCDF

**FIGURE 6: LoCAL outputs and indicators**



# OUTPUT 1: MAINSTREAMING

## Participating countries and local governments

The roll-out of LoCAL from a regional to a global programme continues to be highly successful. For 2015, the programme set an ambitious target of having **Phase I LoCAL programmes designed and adopted** in four additional participating countries with 12 local governments involved. This target was met; and the four countries joining LoCAL in 2015 are Ghana, Mozambique, Niger and Tuvalu.

**Tuvalu** signed a memorandum of understanding with UNCDF in November 2015, with implementation set to begin in early 2016. It is the first LoCAL participating country in the Pacific, and among the world's most vulnerable countries to the impacts of climate change.

LoCAL expects that more countries from Asia, Africa and the Pacific will soon join the fast-growing global mechanism, as several countries have expressed interest in joining LoCAL and requested scoping work in 2015 and 2016. Specifically, scoping work has been conducted in **Lesotho, Solomon Islands** and **Uganda**. LoCAL Phase I is expected to start in these three countries in 2016–2017.

## PBCRG integration

As of December 2015, 57 local governments are using the PBCRG system; this exceeds the target of 24 local governments in eight countries for Year 2 (2015).

Fifty-one of the 57 participating local governments, or 89 per cent, have integrated the PBCRG system in their public expenditure management or inter-governmental fiscal transfer system – 14 in Nepal; 10 in Lao PDR; 8 in Cambodia; 6 in Bhutan; 4 in Mozambique; 3 in Benin; and 2 in Bangladesh, Mali and Niger. The target for such integration in both

Years 1 and 2 was 30 per cent of participating local governments.

## Adaptation and resilience projects/measures

The first countries to pilot the LoCAL methodology – Bhutan and Cambodia – launched a host of useful projects based on vulnerability and adaptation assessments, participatory planning and budgeting, and the use of PBCRGs, among other features. Priorities were determined from adaptation programmes or plans integrated in local development plans and budgets. The projects demonstrate the immediate and sustainable impacts of the LoCAL approach.

- In **Bhutan**, 47 local infrastructure projects were planned and implemented in 2014 and 2015. These include construction of causeways, improvements to farm roads and cross drainage; upgrade of an irrigation channel, drinking water sources and supply system, water reservoir and community-based rainwater catchment; construction of elevated and pedestrian

BELOW: Participants in LoCAL's lessons learned workshop inspect an infrastructure project in Battambang Province, Cambodia; photo by Cédric Jancloes, © LoCAL-UNCDF





ABOVE: Infrastructure project in Bhutan; photo © LoCAL-UNCDF

bridges; bioengineering for slope stabilization and erosion control; and integrated soil management of farmland. These projects will directly benefit the 10,693 people who live in the six participating *gewogs*; they will indirectly benefit the wider population of 49,771 people in the surrounding area.

- In **Cambodia**, a total of USD 720,000 in PBCRG funding was allocated to eight sub-national administrations. These districts/municipalities selected 126 activities, of which 75 were infrastructure projects and 51 were non-infrastructure projects. The PBCRG amounts were disbursed in full (i.e. transferred to the district treasury accounts) in 2014 and 2015.

The infrastructure projects included flood escape routes, community ponds and culverts to accommodate flood water, water gates, flood protection dams, water canals, rural roads and local bridges.

BELOW: Vermicomposting in Mohonpur Upazila, Bangladesh; photo by Cédric Jancloes, © LoCAL-UNCDF



These projects will benefit the 680,000 people who live in 61 communes in the eight districts. Their focus is appropriate, because vulnerability and risk assessment in the participating districts revealed that the target communes were facing severe drought and floods that are creating significant challenges in the daily lives of community members. Among these challenges are inaccessible health centres, schools, markets and transportation during flooding; damage to transportation infrastructure and to farms; and interruption of agricultural activities.

In the new LoCAL participating countries, the PBCRGs transferred have begun delivering first investments.

- The PBCRGs transferred to two *upazilas* in **Bangladesh** are supporting several implementation schemes at the village level. These schemes cover community resilience to climate change through surface water management; integrated farming of drought-tolerant crops; sanctuary management to protect endangered native fish species; use of vermicomposting for climate-resilient organic farming; cultivation of Napier grass to feed domestic cattle; domestic animal dung-based farmyard manure production; green shade for drought-tolerant cropping; and agricultural nursery development for crop diversification and agroforestry.

- In **Benin**, the communes of Boukombé, Copargo and Toukountouna used a participatory approach to select the first three climate-resilient investments to be financed by the PBCRG system. The tendering process for these investments was launched in December 2014, and the first investments were delivered mid-2015. The projects supported include the construction and retrofitting of small-scale infrastructure (e.g. culverts and bridges) to facilitate access of farmers to markets and of the general population to social services such as schools. The

investments also cover a small dam and water pond in support of community gardening and tree nurseries.

■ In **Lao PDR**, LoCAL works with the UNCDF-supported District Development Fund (DDF) to deliver local climate change adaptation infrastructure in the Saravan and Sekong Provinces. PBCRG funds are provided to district administrations as discretionary financial resources in the form of annual block grants. These resources are being used to finance critical small-scale rural infrastructure, with strong community participation. To date, 4 projects have been completed and another 12 are to be launched. The completed projects entailed irrigation system improvement, water harvesting, upgrading of village irrigation schemes and canal headwork.

■ In **Nepal**, out of 32 projects identified, 12 have been completed and 20 are ongoing. These projects involve six village development committees in Dhading and Rupandehi. They include embankment construction, drainage construction, awareness training, and pond and river bank protection. Most of the projects in Rupandehi have been completed; those in Dhading were delayed by an earthquake and are ongoing.

Beyond the contributions these various infrastructure projects will make towards increasing community resilience to climate change, they also will increase **fixed capital formation** at the local level.



■ By **channelling adaptation finance** to the local level, LoCAL is helping extend the local fiscal space for adaptive development, enabling sub-national authorities to play their role in activities that contribute to local economic development over the long term.

■ Moreover, LoCAL helps ensure that the fixed capital being created with LoCAL funds – and more broadly – will be climate resilient by **integrating climate change adaptation into local planning**, budgeting and execution.

Further, with climate-resilient infrastructure in place, local governments do not need to allocate scarce resources to repair of climate-damaged infrastructure, and can instead dedicate those funds to regular operation and maintenance.

ABOVE: River bank protection work, Rupandehi District, Nepal; photo © LoCAL-UNCDF

## OUTPUT 2: AWARENESS

### Plans and budgets with climate change adaptation activities

Local government plans and budgets with climate change adaptation activities were approved in all participating local governments in Benin (three), Bhutan (six)

and Cambodia (eight), Mali (two) and Niger (two). Sixty-six per cent of these plans and budgets were approved within the first quarter of their fiscal year, exceeding the target for Year 2 of 60 per cent approved in the first quarter of the fiscal year.

## Implementation of climate change activities

As of December 2015, 80 per cent of the 2015 budget of participating local governments in Benin, Bhutan and Cambodia for climate change activities had been implemented. The target for Year 2 (2015) had been to reach 70 per cent of budget dispersal in the majority (75 per cent) of participating local governments. This target was met and exceeded.

## Sustainable awareness and advocacy tools

About 10 **high-level initiatives** were undertaken in 2015 by LoCAL and its participating countries to raise awareness and advocate for the role of local governments in climate change adaptation at the global level.

- The LoCAL Programme Manager and Special Representative of the LoCAL Programme Board made a presentation to the **Green Climate Fund Board Meeting** in March 2015. They introduced LoCAL as a proven country-based source of support to LDCs in increasing resilience to climate change at the local level. They pointed out that LoCAL has become an acknowledged

mechanism to support direct LDC access to Green Climate Fund resources.

- In preparation for the UNFCCC 21st Conference of the Parties (COP21), LoCAL attended the **Summit of African Regions and Cities for Climate** in Yamoussoukro, Côte d'Ivoire in June 2015; the **World Summit Climate & Territories** in Lyon, France, in July 2015; and the **Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP)** in Bonn, Germany, in September 2015. At these events, LoCAL shared its experience with LDCs in integrating adaptation in local development planning and budgeting and in setting up a nationwide mechanism to channel climate finance through national fiscal transfers.

LoCAL also contributed to the LDC negotiation text drafted at ADP, addressing the role of sub-national government in implementing climate change adaptation in LDCs, and the need for capacity building for national and sub-national governments to support implementation of climate change adaptation.

- LoCAL made a presentation at the **7th International Symposium on Climate Change** in Seoul, Korea, in September 2015. The presentation described LoCAL as a new initiative supporting local government in LDCs to increase resilience to climate change. It clearly linked LoCAL actions to the climate change framework the Korean Government has prioritized in its Second National Climate Change Adaptation Master Plan.

- LoCAL attended the **United Nations Development Programme–United Nations Environment Programme Poverty-Environment Initiative (UNDP-UNEP PEI) Africa Regional Meeting** in Rwanda in October 2015. LoCAL and UNDP-UNEP PEI have partnered successfully in Bangladesh, Bhutan and Nepal; the lessons learned from this collaboration were discussed at

BELOW: Benin workshop on capacity building for executives in LoCAL pilot communes; photo by Joël Bêkou, © LoCAL-UNCDF



the meeting. It was demonstrated how UNDP-UNEP PEI policy and capacity-building activities in mainstreaming climate change adaptation into the government planning process has been translated into action on the ground by local government through the LoCAL PBCRG mechanism. As a result, it was recommended that UNDP-UNEP PEI and LoCAL work in partnership in other regions as well. Further, it was agreed that a joint framework at the country level is not necessary if both LoCAL and UNDP-UNEP PEI have a programmatic linkage at the global level.

- In November 2015, the 10 LoCAL participating countries and 4 candidate countries attended the **LoCAL Lessons Learned Workshop** in Cambodia. The workshop was held to share the lessons from LoCAL implementation in each country and to improve the LoCAL mechanism and the PBCRG. Representatives of the World Resources Institute, the Korea Environment Institute and the Green Climate Fund all attended the workshop, providing a useful international perspective on, and knowledge of, climate change and global funds.
- LoCAL had an influence on the Paris Agreement adopted at **COP21** in December 2015. Due in part to LoCAL's work with LDCs at Bonn (described above), the role of sub-national government and capacity building for sub-national government, especially in LDCs, was strongly mentioned in the [Paris Agreement](#). This policy will support roll-out of the LoCAL programme in the remaining LDCs.

Additionally, LoCAL shared its lessons and experiences with the Korea Environment Institute, the World Resources Institute and other UN agencies in One UN and joint side events in COP21.

LoCAL also focused on raising awareness of the role of local governments in climate

change adaptation in **participating countries**, as well as on strengthening the capacities of participating local governments to deliver climate change adaptation responses through the PBCRG system.



- As part of the missions undertaken in participating countries, **nine in-country workshops** were organized in 2014–2015 to raise awareness on climate change and local governments and on LoCAL. Training was also held for 27 local governments across six countries. The immediate results of these workshops and trainings included the approval of climate change adaptation plans or programmes in two local governments in Bangladesh, three communes in Benin, eight districts in Cambodia, three local governments (*gewogs*) in Bhutan, three local governments in Nepal, and two communes in Niger; as well as validation of the approach three metropolitan and municipal district assemblies in Ghana and four districts in Mozambique.

ABOVE: Fakri Karim and David Jackson make a presentation at the LoCAL Lessons Learned Workshop in Cambodia; photo by Cédric Janceloes, © LoCAL-UNCDF

### Increasing knowledge and awareness

In 2015, LoCAL completed several communication and knowledge management tasks aimed at promoting and publicizing the initiative – and its lessons

learned – both among its participants and to the broader development/climate change communities. These included:

- upgrading the LoCAL website ([www.local-uncdf.org](http://www.local-uncdf.org)) to reflect the global nature of the programme and to make it available in both English and French;
- developing country briefs and web

pages to promote learning and share experiences across countries;

- reaching out to various networks, including the European Commission's [capacity4dev.eu](http://capacity4dev.eu), Global Climate Change Alliance Fund (GCCA+) and others; and
- organizing a global lessons learned workshop.

## OUTPUT 3: FINANCE

### Grant delivery

In 2015, PBCRGs and operational support totalling USD 2,292,515 was delivered to local governments in eight countries; this represented a 97 per cent increase over 2014 disbursements. LoCAL disbursed its first grants to Ghana, Mozambique and Niger in 2015. Details on grant distribution by country are provided in Table 1.

The PBCRGs were allocated as described in the memoranda of understanding between UNCDF and the governments of the LoCAL participating countries. Eligibility for PBCRG

financing is predicated on local government conformance to a set of minimum conditions verified by the participating national governments before funds are transferred to the local level. For countries in their second or later year of LoCAL implementation (Bhutan and Cambodia), the size of the grants received by local governments was adjusted in accordance with overall performance measures. Once conditions were met, PBCRG funds were transferred through the national fiscal transfer system and were subject to the same financial management, procurement and accounting rules as other government funds.

**TABLE 1: 2015 delivery of PBCRGs and operational support by country and source of funds (USD)**

Country	GCCA+	Sida Booster Fund	Sida/ Cambodia	Sida/PFIS	UNDP-GEF	Total
Bangladesh		114,000				
Benin		25,395				25,395
Bhutan	250,000					250,000
Cambodia	100,000		470,315			570,315
Ghana				110,000		110,000
Lao PDR					982,805	982,805
Mozambique	100,000					100,000
Niger	140,000					140,000
Total	590,000	139,395	470,315	110,000	982,805	2,292,515

**Note:** PFIS = Partnerships Framework on Inclusive Growth and Sustainable Development; Sida = Swedish International Development Cooperation Agency.

## Financial partnerships

LoCAL was highly successful in leveraging the results of its pilot activities in 2015. Thanks to the positive results and efficiency experienced during Phase I, LoCAL moved to Phase II in **Bhutan**, with funding from the European Union; and in **Cambodia**, with funding earmarked for that country from the Swedish International Development Cooperation Agency (Sida). LoCAL has also developed concept notes for scaling up the initiative for a national roll-out (Phase III) in both countries.

In **Bangladesh**, LoCAL Phase II will be supported by GCCA+ Bangladesh as part of a joint programme between UNCDF and UNDP. Total funding for this phase will be an estimated USD 8.9 million (EUR 8 million), half of which will be delivered through the LoCAL mechanism to scale up the ongoing pilot in Bangladesh.

In **Lao PDR**, LoCAL is implemented in partnership with UNDP in the context of a GEF-funded project. An additional

USD 2 million is provided through the LoCAL mechanism integrated within the existing DDF block grant system.

In **Mozambique**, LoCAL developed a partnership with the Belgian Development Cooperation to support an expanded Phase I (estimated USD 1.9 million).

With support from the LoCAL Secretariat, a number of LoCAL participating countries initiated a joint effort to prepare and submit proposals to the **Green Climate Fund** featuring the LoCAL approach. As a first example, at the end of 2015, the Secretariat of the National Committee for Democratic Development – which is the government counterpart implementing LoCAL in Cambodia – was nominated by the Cambodian government as the first national implementing entity for Green Climate Fund direct access funds to use in LoCAL programme Phase III scale-up. This will be a model for all other LoCAL countries to unlock Green Climate Fund resources for their local governments.

## OUTPUT 4: IMPLEMENTATION

The LoCAL Secretariat, as mandated, has played a critical role in LoCAL's effective launch across countries and regions, and in raising awareness and mobilizing political support from ministries and institutions at the central government level. In particular, the Secretariat has worked to influence legislation and promote the sustainability of adopted systems.

- In **Bhutan**, the LoCAL Secretariat has served on the steering committee for the Local Governance Sustainable Development Programme, playing an active role in developing and supporting the implementation of the country's five-year local development plan.
- In **Cambodia**, the LoCAL Secretariat was actively involved in discussing

and supporting the improvement of fiscal transfers from national to local government and in improving the country's procurement policy.

The Secretariat also focuses on timely monitoring and reporting, project management and oversight, resource mobilization, and evaluations and audits.

### Monitoring and reporting

In 2015, the Secretariat worked to improve monitoring and reporting processes and to ensure transparent and accountable financial reporting by participating countries. The Secretariat facilitated and supported continuation of LoCAL implementation in Bhutan and Cambodia, emphasizing the

strengthening of monitoring tools as well as improving capacities for monitoring at the country level. It also supported the effective launch of LoCAL operations in Bangladesh, Benin, Lao PDR and Nepal.

For end of 2015 and 2016, more work is planned on developing baselines and, where needed, targets under the global programme results and resource framework. Work is also planned on ensuring alignment across the various levels – local, national and global – of monitoring and reporting.

### Project management and oversight

The second **LoCAL Global Programme Board Meeting** was held in March 2015. It was attended by representatives of seven LoCAL participating countries (Bangladesh, Benin, Bhutan, Cambodia, Mali, Mozambique and Nepal) and UNCDF. Attending partner organizations included the Korea Environment Institute and the World Resources Institute. At the meeting, the LoCAL Board approved the annual work plan, the focus of which was on rolling out LoCAL to new countries in Asia and Africa,

and increasing awareness of the role of local governments in climate change adaptation among local and national governments and international development actors.

The Secretariat also began work on standardizing the approach to scoping and country design processes.

### Resources mobilized

The total budget for the LoCAL global programme is USD 40 million for the five-year period 2013–2018. As of the end of September 2015, the Secretariat had mobilized USD 17,795,243 for LoCAL expansion to new participating countries (Table 2). LoCAL donors include the EU through the GCCA+ and other funding instruments; Sida; the Governments of Belgium, Benin and Liechtenstein; UNDP-GEF; and UNCDF.

Significant efforts were made to mobilize resources at both the global and country levels. As a result, by the end of 2015, an estimated USD 8 million in proposals were mobilized for LoCAL Bangladesh (Phase II), Cambodia (Phase II) and Mozambique (Phase I).

**TABLE 2: LoCAL global programme funding sources (USD)**

Funding source	Total resources
GCCA+	5,427,000
Government of Belgium <sup>1</sup>	1,964,085
Government of Benin <sup>2</sup>	100,000
Government of Liechtenstein	110,000
Sida Booster Fund	3,260,870
Sida/Cambodia	988,287
Sida/PFIS	3,000,000
UNCDF	800,000
UNDP-GEF <sup>2</sup>	2,145,0000
Total	17,795,243

**Note:** PFIS = Partnerships Framework on Inclusive Growth and Sustainable Development. Sida/Cambodia resources are to be confirmed. Funding is as of 31 December 2015. Details may not sum to total because of rounding.

<sup>1</sup> Provided as direct funding to the country project level (Mozambique) under the LoCAL framework document.

<sup>2</sup>Funded through parallel budget.

## ADDITIONAL ACHIEVEMENTS

### Partnerships

To support it as the global mechanism for LDCs to increase resilience at the local level (the 'last mile'), LoCAL has entered into agreements with various international institutions with worldwide expertise in the area of climate change.

- LoCAL signed an agreement with the **Korea Environment Institute** to support LoCAL countries in developing science-based climate change frameworks and to ensure that climate change interventions through the LoCAL mechanism are responding to vulnerability. The agreement was signed in 2015 and the first draft frameworks will be developed in 2016 in Bhutan and Cambodia.
- An agreement with the **World Resources Institute** was signed to support the development of a climate change resilience monitoring and evaluation framework. Through this partnership, each LoCAL participating country will have an adaptation monitoring and evaluation framework to monitor the extent to which the results of the LoCAL programme have contributed to increased resilience. Local government will also be able to track their investments in climate change adaptation activities.
- In Asia and Africa, LoCAL is working closely with the **UNDP-UNEP PEI** in countries where both programmes are under implementation, whereby UNDP-UNEP PEI supports policy and capacity development on climate change, and LoCAL focuses on investment and specific capacity building in public financial management areas.
- To support LoCAL implementation in the Pacific, the programme is working closely with the **Commonwealth Local Government Forum** and other key stakeholders, such as the **Secretariat**

**of the Pacific Regional Environment Programme (SPREP)**, and other UNDP programmes such as the National Plan of Action II and the Pacific Risk Resilience Programme.

### Cross-cutting issues

Several issues inform and shape the process of establishing LoCAL in a given country. The work undertaken to standardize an approach to scoping and country design has included a focus on these cross-cutting issues.

BELOW: Geoff Peterson, World Resources Institute Consultant, and Mayor Mamane Tourba of Dogonkiria, Niger, look at the geographical extent to which LoCAL projects support populations in the "last mile" of Niger; photo by Nasser Alqatami, © LoCAL-UNCDF



- **Local-level participation.** LoCAL promotes the use of participatory approaches – e.g. through community consultations – at various stages of the process, including during scoping. Additionally, LoCAL provides capacity support for local governments to undertake participatory vulnerability assessments and local planning processes – e.g. when identifying specific activities to be funded through the PBCRGs.
- **Monitoring.** Ongoing monitoring to ensure adherence to minimum conditions by local governments receiving



ABOVE: Women participate in a stakeholder meeting in Nepal's Dhading District; photo © LoCAL-UNCDF

PBCRGs is critical to good governance, as is monitoring of the transparency and accountability processes within participating governments' fiscal transfer systems. LoCAL is instituting a system so that incidents and experiences in addressing gaps and grievances can be distilled into lessons for all participating local governments.

BELOW: Performance assessment team members with local government officials and project beneficiaries in Bhutan; photo © LoCAL-UNCDF

■ **Involvement of women and vulnerable groups.** One of the challenges LoCAL faces is the diversity of cultural, political and other norms in participating countries affecting the role of women and vulnerable groups in

community decision-making processes and in local governments. LoCAL is raising awareness and encouraging the participation of women and vulnerable groups by highlighting their needs and vulnerabilities during the initial LoCAL scoping work and by including performance measures for gender and participation in country design. The issue is also being addressed through community feedback processes related to PBCRG implementation. In **Bhutan** and **Cambodia**, LoCAL assesses the quality of involvement by women and vulnerable groups; identifies gaps, challenges and opportunities; and uses these insights to inform the next year's planning process. These experiences have been documented and converted into case studies for use by other participating local governments – see e.g. '[Business – Not as Usual](#)' and '[The Bridge That Saves Lives](#)' on the LoCAL website ([www.local-uncdf.org](http://www.local-uncdf.org)).



■ **Decentralization.** LoCAL is facing the challenge of implementing a standard and unified mechanism in countries with diverse approaches to decentralization. In this context, the PBCRG and its elements such as minimum conditions can be understood and applied differently, with varying levels of standards. In 2015, work was launched to facilitate a common understanding of

the PBCRG, and to identify approaches to address and reduce capacity gaps. The aim is to constantly improve the quality of PBCRG implementation across countries and local governments, and to forge a standard, recognized country-based mechanism available to the international community to channel adaptation finance to the local level in LDCs.

## LESSONS LEARNED

Several lessons, outlined below, can be drawn from LoCAL's experience in pilot countries and in expanding the portfolio to new countries.

■ By providing incentives in the form of financial top-ups through PBCRGs, LoCAL can help build stronger and more transparent government financial systems. To do so, the flow of funds and the PBCRG mechanism must be fully aligned with the existing system of inter-governmental transfers and follow the country's normal public expenditure management cycle. In this way, LoCAL funds are fully fungible with other resources available locally. In **Benin**, for example, the PBCRGs are aligned with the country's commune development fund, the Fonds d'appui au développement (FADeC).

■ The LoCAL mechanism should be designed with great care, particularly in selecting minimum access conditions and performance measures. Minimum conditions generally involve public financial management and good governance. In **Benin, Mali** and **Niger**, these conditions include the establishment of an agreement between the municipality and the central ministry, the functioning of the local bodies, past audit results, the funds' execution rate and reporting to the LoCAL committee. Performance measures are more qualitative; typically, they

address the details of each functional area, such as quality of planning, quality of climate change management, etc. These measures are used to adjust the level of funds made available to local governments as and when they have complied with the minimum conditions. In **Niger**, the performance measures relate to climate information; local adaptation plans; integration of adaptation into local development plans, investment plans and budgets; citizen participation; implementation of adaptation measures; and reporting.

■ The size of the PBCRG must be gauged correctly. The grant must be large enough to have an impact, but small enough to be fiscally sustainable and scalable. For example, the PBCRG in **Ghana** will constitute an average top-up of around

BELOW: This bridge in Benin, rehabilitated with LoCAL funding, has made travel to the health clinic, school and market much easier and faster for the residents, especially during the rainy season; photo by Nasser Alqatami, © LoCAL-UNCDF





ABOVE: Bangladesh's Mohonpur Upagila has developed an eco-pond for native fish conservation with LoCAL funding; photo by Sajjadul Islam, ©LoCAL-UNCDF

10–15 percent of the District Development Fund for the enrolled metropolitan, municipal and district assemblies.

- Changing people's attitudes, behaviour and practices is complex. It is particularly complex when dealing with climate change, given the unpredictability of climate, the lack of data, and the uncertainty of success with new technologies and practices. Infrastructure projects such as retrofitting a bridge or elevating a road are thus generally more appealing to sub-national governments and local communities than are soft adaptation measures like awareness raising or vocational training. Infrastructural efforts comprise the majority of adaptation measures selected, as evidenced in all LoCAL countries to date.

- The participation of sub-national governments and local communities is integral to successfully planning and implementing adaptation at the local level. To this end, **Cambodia** has used participatory vulnerability reduction assessment as part of its local development planning process and as a basis for responding to local adaptation needs.
- A concept as innovative and ambitious as the PBCRG system needs long-term policy support. As demonstrated in **Bhutan** and **Cambodia**, long-term sustainability requires an institutionalized mechanism and knowledge management so that policy making is informed by field experience.

## FINANCIAL IMPLEMENTATION

Cumulative expenditures from all funding sources increased by 81 per cent between 2014 and 2015: from USD 2,477,825 to USD 4,484,321. Delivery against the 2015 budget was 93 per cent of 2015 planned activity (Tables 3 and 4).

Most of the LoCAL budget went for Output 1 activities; these accounted for 67 per cent of the 2015 work plan (Table 4). Delivery against budget for mainstreaming was 93 per cent. The funds actually expended on this output were double those for 2014: USD 3,000,052 compared to USD 1,488,081.

A combined 17 per cent of the budget was allocated to Outputs 2 and 3. This funding

largely covered participation in a series of events contributing to the international dialogue on climate change adaptation financing.

Reflecting increased operations in 2015, management costs (Output 4) increased from USD 682,426 in 2014 to 734,762. However, as a percentage of the total budget, implementation declined from 24 per cent in 2014 to 15 per cent in 2015.

The delivery ratios to local governments increased for all outputs in 2015: these ratios are 1.2 for Output 1, 2.2 for Output 2, 36.5 for Output 3 and 0.14 for Output 4.

**TABLE 3: 2015 LoCAL global programme budget and expenditures by source of funds**

Funding source	Budget (USD)	Expenditures (USD)	Delivery against budget (%)
GCCA+	1,300,000	1,298,705	100
Government of Belgium	88,423	88,422	100
Sida Booster Fund	1,293,428	1,095,682	85
Sida/Cambodia	619,681	594,987	96
Sida/PFIS	296,696	296,696	100
UNCDF	103,684	103,684	100
UNDP-GEF	1,095,553	1,006,144	92
Total	4,797,465	4,484,321	93

**Note:** PFIS = Partnerships Framework on Inclusive Growth and Sustainable Development.

**TABLE 4: 2015 LoCAL global programme budget and expenditures by output**

Output	2015 budget (USD)	Budget allocation (%)	2015 expenditures (USD)	Delivery against budget (%)
1: Mainstreaming	3,234,403	67	3,000,052	93
2: Awareness	622,810	13	546,945	88
3: Finance	205,491	4	204,324	99
4: Implementation	734,762	15	732,999	100
Total	4,797,465	100	4,484,321	93



# What's next

## CONSOLIDATING AND EXPANDING THE PORTFOLIO

As a result of the LoCAL Lessons Learned workshop held in 2015, LoCAL will consolidate and continue to roll out its portfolio initiative to more local governments in the 11 participating countries. Bhutan, Cambodia and Nepal will start preparing to scale up to Phase III in more than 100 local governments; this will be implemented beginning in 2017. Meanwhile, Bangladesh, Benin and Mozambique will begin scaling up to Phase II; and Ghana, Mali, Mozambique and Tuvalu will continue implementation of Phase I.

## SPREADING THE WORD

The LoCAL approach provides opportunities in all its activities for learning and distilling lessons to benefit participating countries, partners and other interested stakeholders. In 2016, LoCAL will build on the extensive knowledge management and communication efforts conducted to date by:

- developing a database of successful adaptation measures used on the ground,
- creating and disseminating videos and other multimedia, and
- developing a set of standardized training materials to be tailored to individual countries.

## STRENGTHENING PARTNERSHIPS

LoCAL will maintain and continue its close collaborations with partners whose specialties relate to the LoCAL approach and the PBCRG mechanism in supporting local governments in LDCs.

Based on experiences in Bangladesh, Bhutan, Mali and Nepal in 2016 LoCAL and **UNDP-UNEP PEI** will jointly develop and deliver capacity-building workshops in some countries where both programmes operate.

As a component of its partnerships with the **Korea Environment Institute** and the **World Resources Institute**, LoCAL is in the process of developing a scientific climate change report and a climate change

OPPOSITE PAGE:  
Harvesting paddy fields in Tali, Zhemgang, Bhutan. LoCAL provided a climate change adaptation grant to replace a wooden irrigation channel in Tali with high-density polyethylene pipe to reduce vulnerability to landslides and rain during the monsoon season; photo by Ugen Penjor Norbu, © LoCAL-UNCDF

adaptation monitoring framework for LoCAL participating countries.

To support the roll-out of the LoCAL initiative in the Pacific region, LoCAL will strengthen its partnerships with regional institutions such as the **Commonwealth Local Government Forum (CLGF)**, the **Pacific Risk Resilience Programme (PRRP)** and the **Secretariat of the Pacific Regional Environment Programme (SPREP)**.

In 2016, LoCAL will continue to work closely with the **UNFCCC LDC group** to support LDCs in implementing the Paris Agreement—especially in building the capacity of and advocacy for the role of sub-national governments in increasing resilience.

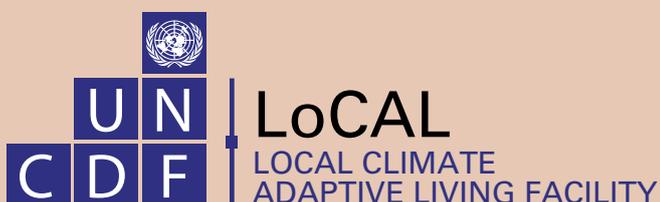
## CREATING A STANDARD COUNTRY-BASED MECHANISM

LoCAL will continue to work with countries to develop a standard and **internationally recognized** country-based mechanism to channel climate adaptation finance and increase resilience at the local level. Using this mechanism, local governments in LDCs should, in the future, be able to **access global climate financing** from sources like the Green Climate Fund as well as resources from their own national government.



The United Nations Capital Development Fund (UNCDF) is the UN's capital investment agency for the world's 48 Least Developed Countries (LDCs). UNCDF uses its capital mandate to help LDCs pursue inclusive growth. UNCDF uses 'smart' Official Development Assistance (ODA) to unlock and leverage public and private domestic resources; it promotes financial inclusion, including through digital finance, as a key enabler of poverty reduction and inclusive growth; and it demonstrates how localizing finance outside the capital cities can accelerate growth in local economies, promote sustainable and climate resilient infrastructure development, and empower local communities. Using capital grants, loans, and credit enhancements, UNCDF tests financial models in inclusive finance and local development finance; 'de-risks' the local investment space; and proves concept, paving the way for larger and more risk-averse investors to come in and scale up.

LoCAL provides a mechanism to integrate climate change adaptation into local governments' planning and budgeting systems, increase awareness and response to climate change at the local level, and increase the amount of finance available to local governments for climate change adaptation.



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