



LoCAL  
LOCAL CLIMATE  
ADAPTIVE LIVING FACILITY

# FINANCING **adaptation** at the **local** LEVEL

performance-based grants for climate resilience

# What is LoCAL?

The Local Climate Adaptive Living Facility (LoCAL) of the UN Capital Development Fund provides a country-based mechanism to **increase awareness** and response to climate change at the local level, **integrate climate change adaptation** into local governments' planning and budgeting systems in a participatory

and gender-sensitive manner, and to increase the amount of **finance** 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, with technical and capacity-building support. It uses the demonstration effect to trigger further flows for local adaptation, including national fiscal transfers and global climate finance for local authorities, through their central governments.

## Why LoCAL?

Local authorities of least developed countries (LDCs) are in a unique position to identify the climate change adaptation responses that best meet local needs, and

typically have the mandate to undertake the small- to medium-sized adaptation investments needed for building climate resilience. Yet they frequently lack the

resources to do so – especially to do so in a way that is aligned with established decision-making processes and public planning and budgeting cycles.

## How does LoCAL work?

LoCAL operates through three phases. **Phase I – Piloting** consists of initial scoping, followed by testing in two to four local governments. Phase I countries include Ghana, Lao PDR, Mali, Mozambique,

Nepal, Niger, Tanzania and Tuvalu. **Phase II – Learning** takes place in 5–10 local governments in a country. It involves collecting lessons and demonstrating the mechanism's effectiveness at a larger

scale. Bangladesh, Benin, Bhutan and Cambodia are in Phase II. **Phase III – Scaling-Up** is full national roll-out of

LoCAL based on previous phases' results and lessons. LoCAL gradually is extended to all local governments, with domestic or international climate finance, and becomes the national system for channelling adaptation finance to the local level. Benin, Bhutan, Cambodia and Nepal are preparing for Phase III.

**'[Before the bridge,] when the water level started rising, the flood spared nothing'. – Mrs. Mao, O'Chamnap Village, Battambang Province, Cambodia**



LoCAL-funded bridge construction in Battambang Province, Cambodia; photo: Cédric Jancloes © UNCDF/LoCAL



# 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 (rather than parallel or ad hoc structures). 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 criteria and a menu of eligible investments; putting them in place typically involves:

- Assessing **climate risks, vulnerabilities** and **adaptation options** and 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 the PBCRG.
- Disbursing **grants** in the context of

local authorities' annual planning and budgeting cycles; implementing selected adaptation measures.

- Appraising **performance** in terms of the degree to which additional resources have been used to build resilience and promote adaptation; conducting audits as part of a regular national process.
- Undertaking **capacity-building activities** when and as appropriate according to identified needs, targeting policy, institutional and individual levels.

# 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 actual implementation of national climate change and decentralization strategies.
- LoCAL ensures the **voices of the communities and the poorest** are captured in local development plans and investments, so climate finance

reaches those who most need it.

- LoCAL offers a **proven mechanism** for the international community to channel climate change finance to the most remote and vulnerable regions and populations of the world, ensuring **traceability** and performance **monitoring** and reporting.

Bhutan has been with LoCAL since its inception and is gearing up for national roll-out; photo: Cédric Jancloes © UNCDF/LoCAL

## What are LoCAL achievements to date?

Since 2011, LoCAL has provided **USD 7 million** in grants to **60 local governments**, reaching a population of over **4.5 million** across **11 countries** in Asia (Bangladesh, Bhutan, Cambodia, Lao PDR and Nepal), Pacific (Tuvalu) and Africa (Benin, Ghana, Mali, Mozambique, and Niger, with Tanzania to benefit next). Once piloted, the objective is national-level scale-up, thus targeting over **350 million people** in these 12 countries alone.

- 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 is an estimated USD 8.9 million, half of which will be delivered through the LoCAL mechanism to scale up the country's ongoing pilot.
- In **Mali** and **Niger**, the PBCRG mechanism was successfully developed and tested in 2015 in two communes in each country. A third commune will be added in Niger in 2016 with co-financing from the government. Mali has nominated the National Agency for Local Authorities' Investments as its first

national implementing entity to access Green Climate Fund resources.

- **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, joined LoCAL in 2015 and benefited from its first grants in 2016.

*'By increasing the water level of the well and protecting it against weather hazards, LoCAL facilitated the drawing of water for the women of the villages'. – Management Committee of the rehabilitated wells, Fare Gorou Kaina , Niger*



LoCAL has facilitated rehabilitation of an old well in Niger's Dosso region; photo Nasser Alqatami © UNCDF/LoCAL

# Way forward for LoCAL

The original LoCAL countries are preparing for a full national roll-out. In **Bhutan**, LoCAL will be rolled out to 100 local governments as part of a national scale-up, with budget support from the European Union and through the Local Government Support Development Programme in partnership with the UNDP-UNEP Poverty-Environment Initiative. In **Cambodia**, LoCAL was initiated in 2012, thanks to a grant from the Cambodia Climate Change Alliance and is now working with 61 communes within 8 districts, with support from the Swedish International

Development Agency. The government has nominated the Secretariat of the National Committee for Democratic Development as its first national implementing entity to access Green Climate Fund resources to scale up LoCAL in the country. In **Benin**, in line with the modalities of the Fund for the Development of Communes, LoCAL is being expanded to six communes in the northern region of the country, with co-financing from the National Environment and Climate Fund.

In 2017, an additional dozen local governments from three countries in Africa (**Lesotho** and **Uganda**) and the Pacific (**Vanuatu**) are expected to join and make use of the mechanism, thereby enabling another 1.2 million poor people to benefit from this new type of access to climate finance and the adaptation investments that follow. More LDCs have expressed interest in and are preparing to join LoCAL, as it offers a proven and scalable mechanism to channel climate finance effectively and transparently to the people most in need.



LoCAL scoping mission in Nukufetau  
Kaupule, Tuvalu; photo: Jesper Steffensen  
© UNCDF/LoCAL





Village beneficiary of LoCAL efforts in Benin; photo: Nasser Alqatami © UNCDF/LoCAL

## UNCDF: BUILDING CAPACITIES AT THE LOCAL LEVEL

UNCDF is the UN's capital investment agency for the world's 48 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.



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