



# UNCDF LoCAL: Financing local climate change adaptation

Subnational adaptation through a country-based  
financing mechanism



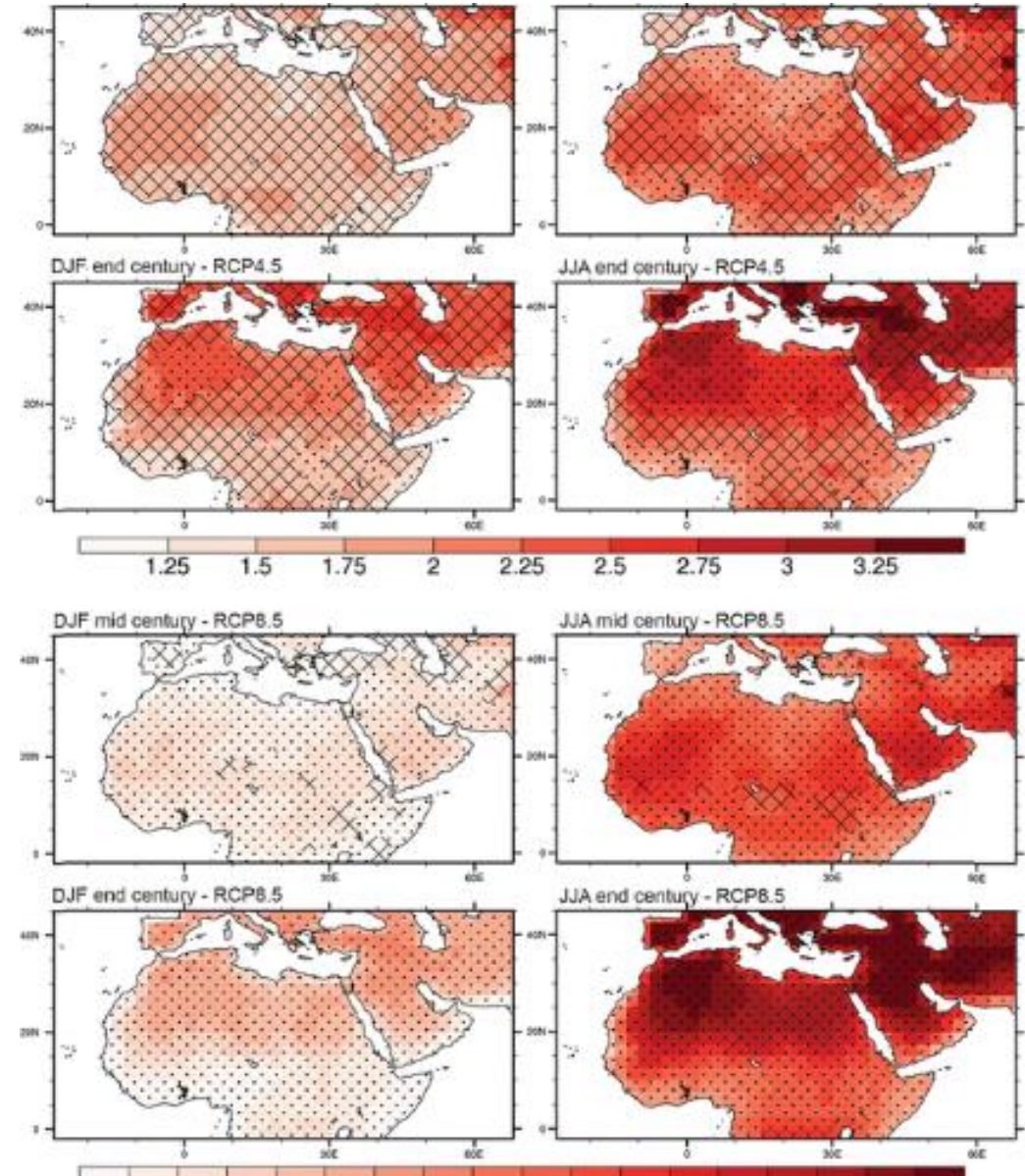
Unlocking Public and Private  
Finance for the Poor



# Why give support at the local level?

Local governments from LDCs and other developing countries :

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





# What are the financial obstacles?

Local governments are hampered by:



Lack of appropriate budget allocations leading to unfunded mandates for climate change adaptation



Inability to absorb the additional cost of climate change adaptation



Climate finance sources mainly accessible to national programmes



Lack of funding for private and public-private income-generating adaptation projects



## **LOCAL:** a financing mechanism for addressing subnational adaptation

- A global mechanism designed by UNCDF to help local governments **access and effectively use climate finance at the local level**
- Promoting the **integration of CCA in local government planning and budgeting systems** in a participatory and gender sensitive manner
- Using **Performance-Based Climate Resilience Grants (PBCRG)** that guarantee programming and verification of local adaptation expenditures
- Monitored through the **‘Assessing climate change adaptation framework’** developed with WRI

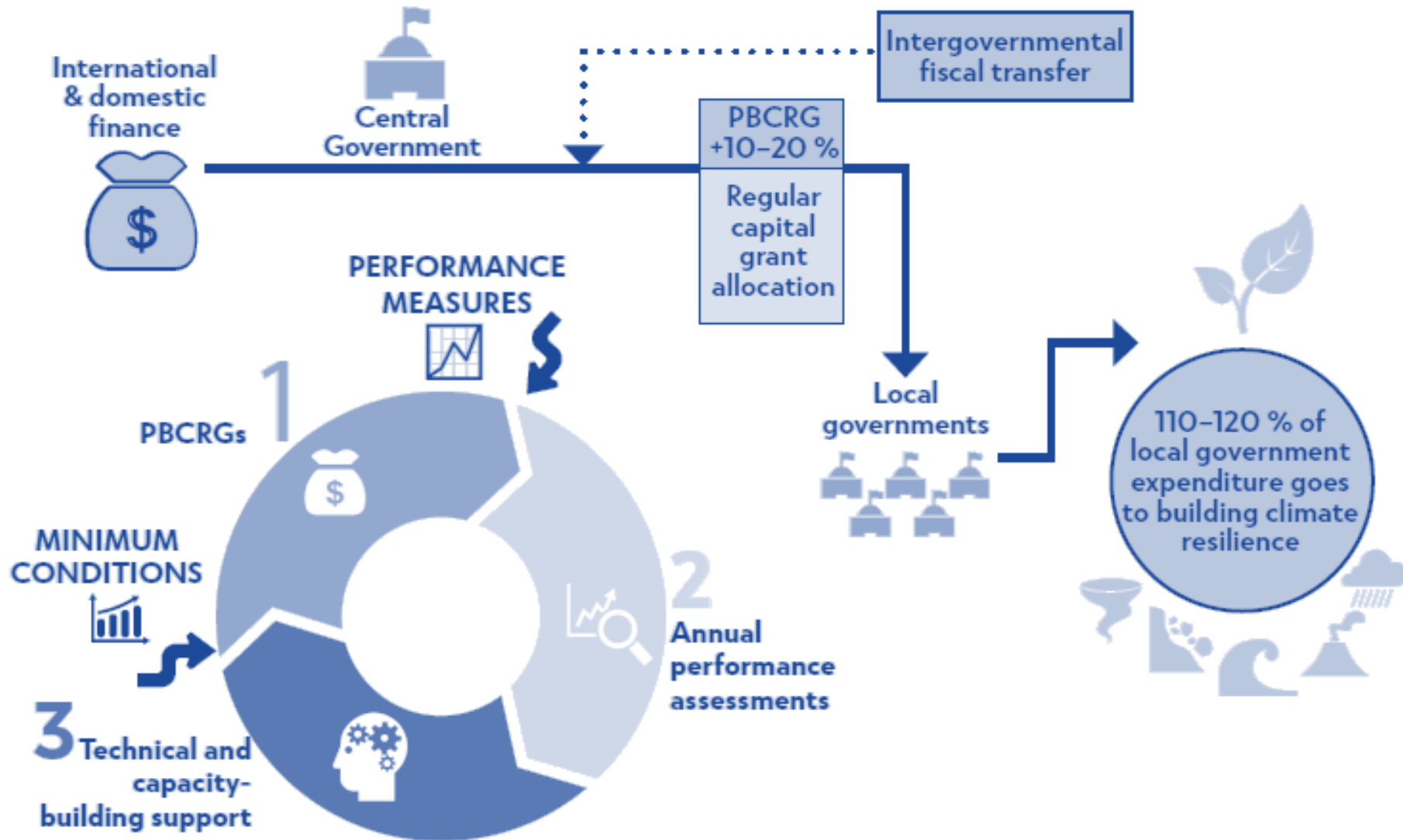


LoCAL - Mali



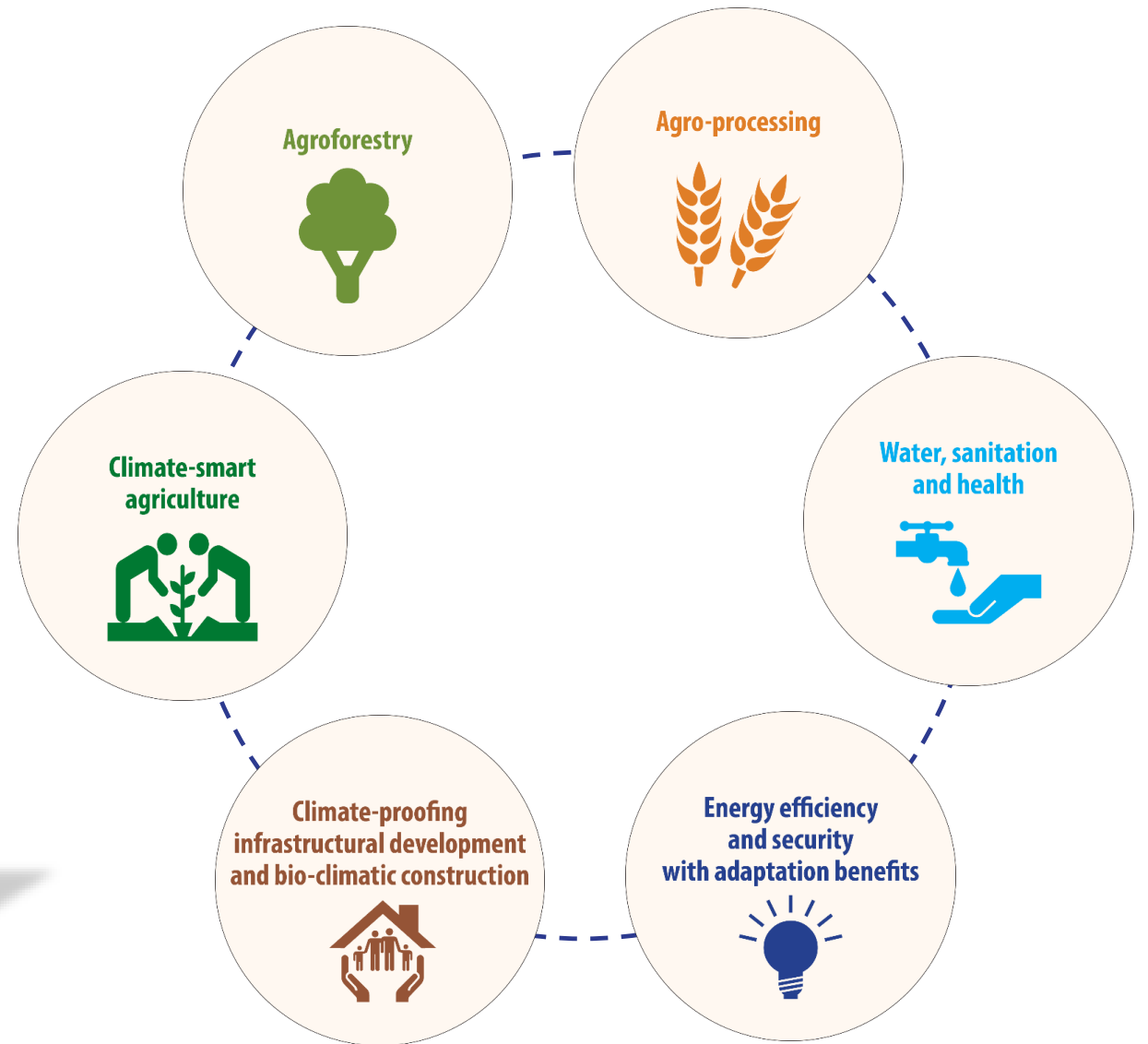
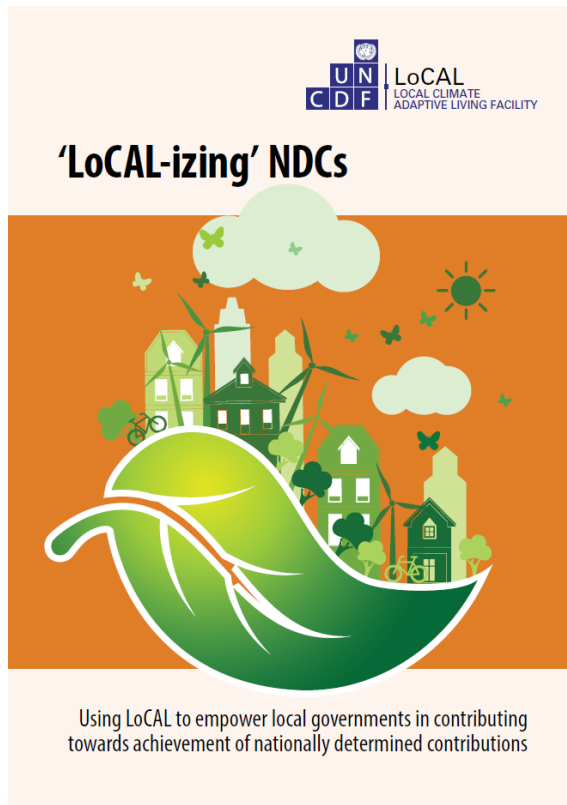
# The Local Climate Adaptive Living (LoCAL) Facility

## A standard and country-based mechanism





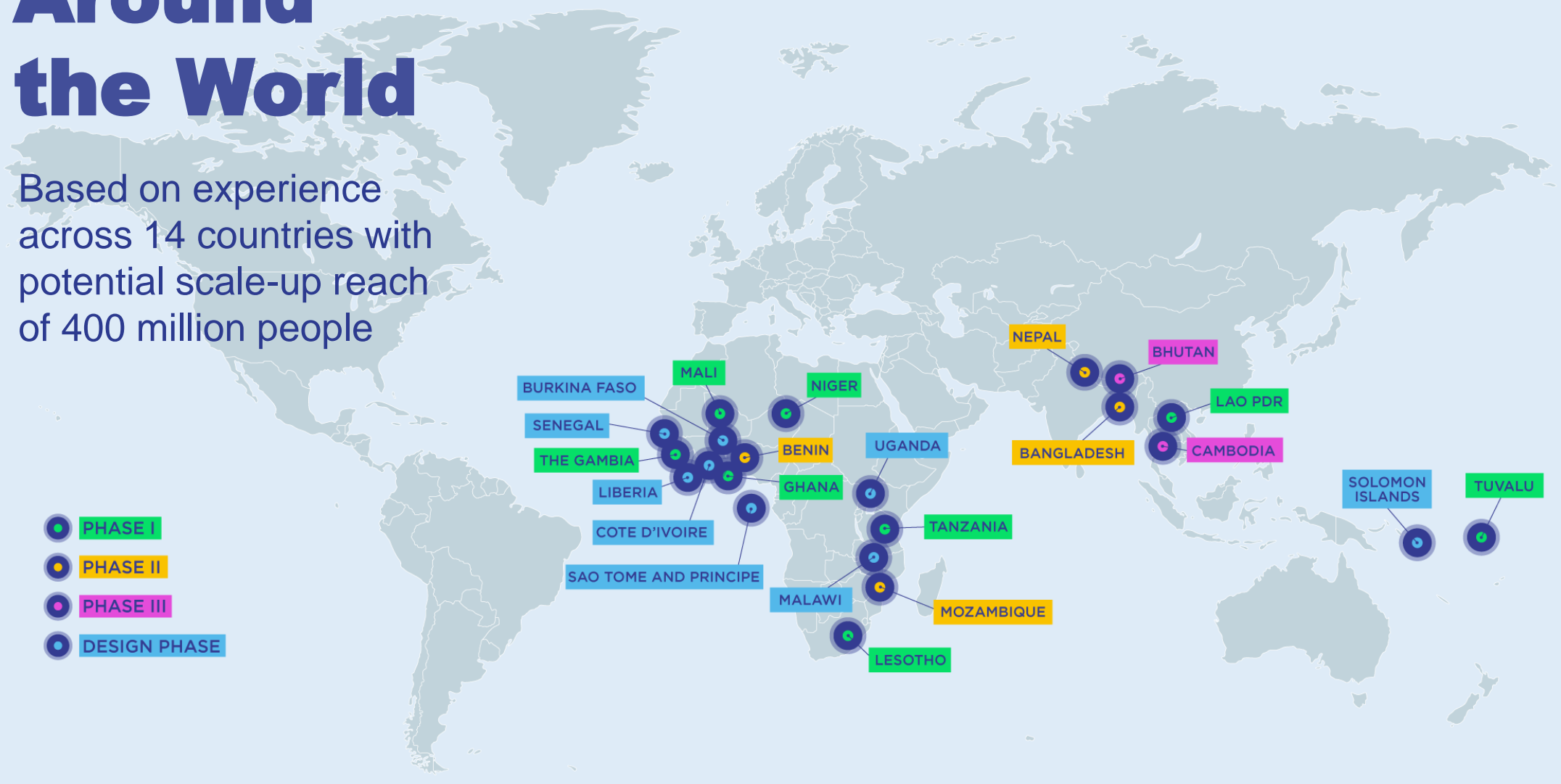
# An investment menu aligned with NAP and NDCs





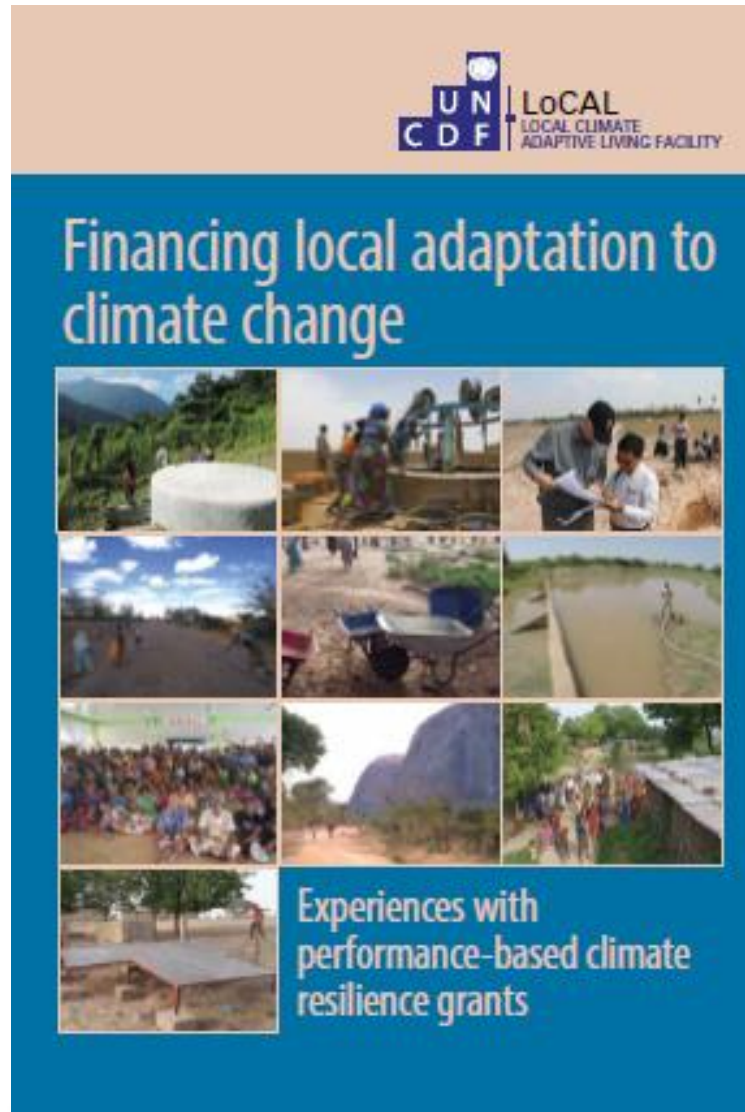
# LOCAL Around the World


Based on experience across 14 countries with potential scale-up reach of 400 million people






# LOCAL Guidelines and ACCAF







WORLD RESOURCES INSTITUTE

LoCAL LOCAL CLIMATE ADAPTIVE LIVING FACILITY

WORKING PAPER

## ASSESSING THE EFFECTIVENESS OF CLIMATE RESILIENCE GRANTS TO LOCAL GOVERNMENTS IN LEAST DEVELOPED COUNTRIES

AYESHA DINSHAW AND COLLEEN MCGINN

### EXECUTIVE SUMMARY

**Highlights**


- Effectively addressing climate change requires paying attention to the local level. The Local Climate Adaptive Living Facility (LoCAL) mechanism of the United Nations Capital Development Fund (UNCDF) provides performance-based climate resilience grants to local authorities in Least Developed Countries to finance adaptation interventions.
- UNCDF's system includes an Annual Performance Assessment designed to ensure accountability, sound local-level public administration, and good governance as well as demonstrate adaptation mainstreaming. UNCDF felt this assessment could be strengthened to better assess adaptation effectiveness.
- To strengthen LoCAL, World Resources Institute (WRI) created the Assessing Climate Change Adaptation Framework (ACCAF). While designing the ACCAF, WRI identified three major challenges: incorporating good practice in adaptation monitoring and evaluation (M&E) into the existing performance-based climate resilience grant system; addressing measurement issues inherent in mainstreamed adaptation; and balancing country-specific and portfolio-wide adaptation M&E needs. This paper explains these challenges and the solutions proposed to address them.
- While the ACCAF is specific to LoCAL, the experience gained through its development can be applied to adaptation M&E more broadly. This paper outlines insights and lessons learned from designing the ACCAF that are relevant to a global audience. Donors, practitioners, and local authorities can use these lessons to inform future programming.

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*Working Papers contain preliminary research, analysis, findings, and recommendations. They are circulated to stimulate timely discussion and critical feedback and to influence ongoing debate on emerging issues. Most working papers are eventually published in another form and their content may be revised.*

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WORKING PAPER | June 2019 | 1





# Mediating subnational level's direct access to climate change finance

- 4 LoCAL countries (Bhutan, Benin, Tanzania and Mali) have nominated a national entity for accreditation to GCF, engaged with LoCAL
- The FNEC of Benin and NCDD-S of Cambodia were accredited as a GCF NIE and preparing the further national scale-up
- 4 LoCAL countries are preparing a proposal to the GCF through a Multilateral Entity (BOAD) including to support access to **private sector financing at the local level**



# LOCAL Bhutan

- UNCDF pilot scaled up with EU budget support, and planned with Adaptation Fund
- TA for updates of design and annual performance assessments
- 104 small scale investments in six local authorities, scaling up to 100 local authorities by 2020
- On going accreditation to Green Climate Fund



Bhutan, one of the first countries to pilot and embrace **LoCAL**, highlights the potential of the model



# LoCAL Cambodia

- National scale-up of LoCAL underway to 50 districts, reaching total population of 16 million people
- 276 adaptation measures financed with more planned
- Multiple funding sources including IFAD loan
- Awarded Green Climate Fund accreditation in November 2019



Cambodia, one of the first countries to pilot and embrace **LoCAL**, highlights the potential of the model



# LOCAL Benin

- On going scale up to 9 communes with cofinancing from FNEC (ecotaxes)
- Further scale up to 30 communes planned for 2021 onwards, through GCF direct access by FNEC
- 3.75 millions of beneficiaries are expected during the scale up
- Public funding system more robust and transparent through PBCRG model
- A model for blended finance is developed



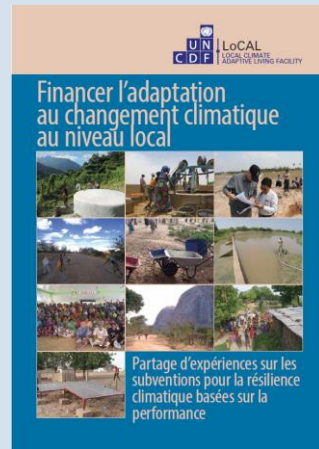


# LoCAL+: promoting access to domestic private sector financing



- Using project finance to **boost municipal finance** for climate change action
- Identifying **financially viable investments** in local development plans informed by localized climate risk analysis
- Supporting **public-private projects** to become bankable through technical assistance, seed capital, loans and/ or guarantees
- Piloted in **The Gambia** and planned in **Benin** and **Mali**

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