

Case Study: Using country systems for addressing non-economic losses at the local level: experience with the Local Climate Adaptive Living Facility

Overview of the case study

Satou Secka, Awa Ndow and their female neighbours in the village of Kataba Omar in Kantaur Ward, are taking the lead in a revolution. Amid the increasingly dusty dry lands of their water-starved rural community in The Gambia, there's a 3,600-metre square patch of luscious green filled with tomatoes, okra, mint and more.

Climate change in The Gambia is resulting in rising temperatures and fluctuating rainfall patterns – a pattern repeated time and again across West Africa. As a direct result, countless rural communities are experiencing growing and potentially debilitating pressure on water resources, destroying not only livelihoods but threatening communities' way of life. And, it's the most vulnerable that are most negatively impacted – the young, the old and women.

The community is suffering a myriad of inter-related losses related to climate change. Some impacts are clearly and quantifiably linked to fluctuating and reduced rainfall, such as soil erosion, environmental degradation and desertification. Other impacts are more difficult to measure and quantify the economic losses and damages, such as the degree to which climate change is fuelling irregular migration from rural communities, the loss of traditional crops rendered non-viable by changed weather patterns, or even the social and cultural impact of the loss of ancient shade-providing trees in village centres and markets. Migration and loss of traditional crops also lead to loss of cultural heritage. The detrimental impact or obliteration of cultural heritage locations, items, and practices can result in depriving communal identity and historical knowledge.

While Ms Secka and Ms Ndow and their neighbours have transformed their dusty patch of land with a solar irrigation project, producing high-value crops that are boosting nutrition levels for their families, generating an additional income for the women and fuelling a new age of budding entrepreneurialism.

Across The Gambia, the Local Climate Adaptive Living Facility is working with local communities to address the impacts of climate change as they experience them. And, because LoCAL works with communities to address the climate crisis as they experience it, annual reporting has identified a number of examples of application of the mechanism that address non-economic losses.

Arrangements and enabling factors

LoCAL is a standard internationally recognized mechanism that helps local government authorities in developing and least developed countries access the climate finance, capacity building and technical support they need to respond and adapt to climate change. It also aims to enhance resilience for responding to future adverse impacts of losses and damages.

Data

Kataba Okar, population c.150
Kantaur Ward, population c 100,000
The Gambia, population c 2,6 million
LoCAL beneficiaries worldwide c.18 million

Local authorities of developing and least developed countries (LDCs) are uniquely positioned 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 that are essential for building climate resilience. Yet in the most vulnerable nations, local authorities frequently lack the resources to take action, especially in a way aligned with established decision-making processes and public planning and budgeting cycles.

The LoCAL Facility had different modalities for supporting local governments in reducing vulnerability and addressing adverse impacts of climate change, from assessing vulnerability early intervention to financing local-led action and monitoring results.

- Addressing gas and challenges on risk assessment and vulnerability, The LoCAL Facility methodologies support LDCs, SIDs and African countries in assessing risks and vulnerability. It comprises three main elements: assessing needs, identifying climate risk, assessing vulnerability in a local context, and, based on the findings, prioritising resilience options and options to address adverse impacts of climate change, including loss and damage. The climate risk assessments seek to understand the nature and level of climate risks on an exposed territory by determining the probability of occurrence of climate-related events (e.g. droughts, floods, windstorms) and slow-onset events (e.g. increased temperature, changing weather patterns) and their impacts at the subnational and local levels.

Furthermore, 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. LoCAL is designed to re-enforce existing national and sub-national financial and fiscal delivery systems, and 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.

LoCAL promotes climate change–resilient communities and economies by increasing finance and investment in climate change adaptation at the local level.

LoCAL applies principles of fiscal decentralization and effective local planning and public financial management to climate change. It combines performance-based climate resilience

TABLE 1: Non-economic losses addressed using a LoCAL grant

Bangladesh made interventions to restore or/and protect against floods, cyclones and sea-level rise – coastal erosion (loss of territory and ecosystem services). Interventions includes embankment renovation like establishment of vetiver grass, construction and tree planting of village defence walls.

Bhutan made interventions that protects against landslides (loss of territory and related losses) and flash floods. These include drainage, slope stabilization and restoration of roads.

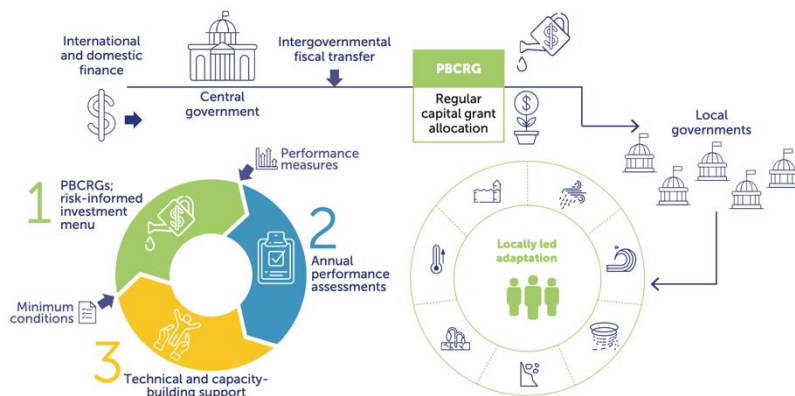
The Gambia embarked on job creation and associated skills development through cash for work projects to address climate change, which have addressed the route causes of irregular migration (loss of livelihoods and cultural heritage).

Ghana used job creation and associated skills development through cash for work projects to address climate change that have specifically targeted the needs of returned economic migrants in the hopes of supporting them as they seek to re-build their lives within the community (loss of livelihoods and cultural heritage).

Mali made interventions that was related to land degradation (environmental degradation/loss of ecosystem services), such as promoting composting and fertilizing techniques to increase soil fertility.

Niger also made interventions related to land degradation (environmental degradation/loss of ecosystem services), including half-moon techniques, Assisted natural regeneration (ANR), rehabilitation of degraded land through bio and mechanical techniques.

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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). International climate finance is channelled through

national treasuries — right down to the local level. National ministries are involved in regulating the system.

Once designed, delivering performance-based climate resilience grants typically involves these key steps, which enable communities and local representatives to address losses as they perceive them (be those economic, cultural, social, environmental):

- Climate information and vulnerability and adaptation assessments are reviewed or undertaken to inform the process. Needs and capacities are assessed.
- In a participatory manner, local governments develop local adaptation plans or programmes, integrate adaptation in their own local development planning and budgeting processes, and cost and select adaptation measures to be financed through the grant.
- Grants are disbursed to support implementation of LoCAL investments in the context of local authorities' annual planning and budgeting cycles, and selected measures are implemented.
- Performance is appraised in terms of the degree to which additional resources have been used to build resilience and promote adaptation to climate change.
- Audits are undertaken as part of the regular national process. The assessment results inform subsequent allocations, and the process provides an opportunity for capacity building.
- Capacity-building activities are undertaken at various stages according to identified needs; they target the policy, institutional and individual levels. Often, local governments work with partners that support the capacity building and planning necessary to mainstream adaptation into the decision-making process. These local partners vary by case, but can include other projects and programmes that address adaptation, resilience and environmental issues more broadly. Identifying partners is part of the scoping work in establishing LoCAL in a given country.

LoCAL grants are disbursed as part of a local government's regular budget envelope and can thus finance the adaptation element of larger planning efforts, allowing for holistic responses to climate change. The funds provide an incentive for local governments to integrate adaptation and climate-proof local development. In addition, by tracking small funds allocated at the local level, LoCAL helps improve transparency.

In any country, LoCAL begins by scoping and designing the performance-based grants for climate resilience system and its key components. This entails defining the financial circuit to channel the funds to the local level and the institutional set-up; defining the size of the grants and the allocation formula; selecting the minimum conditions (including aligning them with existing systems); developing performance measure criteria, with a focus on climate change adaptation and related country priorities; and defining the indicative menu of eligible investments that informs the integration process

Minimum conditions are generally concerned with public financial management and good governance. Performance measures are more qualitative and variable measures of performance; they typically go into more detail within each functional area, such as the quality of the planning or the quality of climate change management, etc. The measures are used to adjust the level of funds made available to local governments when they have complied with the minimum conditions.

The menu of eligible investments defines areas of action that are appropriate for local government intervention. They vary according to climate change impacts, ecosystems, and possible local responses taking into account local constraints such as the financial absorption capacity of the local market. Developing the menu usually involves the use of secondary data and existing vulnerability studies, in addition to primary data collection if necessary. Performance-based grants for climate resilience need to be large enough to have an impact but small enough to be fiscally sustainable and scalable.

Lessons learned and future support

In Kataba Omar in Kantaur Ward, the LoCAL approach is credited with injecting a new lease of life to the communities' viability. Sustainability safeguards are in place, with participating beneficiary groups given complementary training on financial services and mobile banking ensuring that women's groups are collecting small subscriptions each month to cover upkeep costs of any infrastructure. The Government of The Gambia considers the LoCAL approach sufficiently effective that when financing for current operations expires in 2024, which has been provide by the European Union, the government will use national resources to maintain activities while working towards securing additional climate finance. Local and national government representatives credit the LoCAL approach with also tackling irregular migration, which comes with a number of a quantifiable economic costs, such as brain-drain and loss of workforce, as well as benefits including workers' remittances. However, the variety of social and cultural impacts of large movements of people in search of work is harder to quantify. According to Hillel Rapoport , Sulin Sardoschau & Arthur Silve ([CEPII, 2020](#)) "migration has important implications for the cultural dynamics in the source countries," changing social structures as well as gender and age balances in a community with potentially sweeping ramifications.

The Kataba Omar experience has been replicated across hundreds of communities in The Gambia with LoCAL, to date, delivering climate adaptation results that address losses from climate change for some 18 million persons worldwide. Because the approach is standard, it can be scaled and replicated while tailored to meet specific needs.

In 2022, [ISO 14093:22 "Mechanism for financing local adaptation to climate change — Performance based climate resilience grants — Requirements and guidelines"](#), was

developed using the methodology and experiences of the UN Capital Development Fund (UNCDF) and countries implementing the Local Climate Adaptive Living, or LoCAL Facility.

ISO 14093 establishes an approach and methodology for a country-based mechanism to channel climate finance to subnational authorities to support climate change adaptation and to increase local resilience, contributing to the achievement of the goals of the 2015 Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC) and the UN Sustainable Development Goals (SDGs). The country-based mechanism uses performance-based climate resilience grants (PBCRGs), which ensure programming and verification of climate change expenditures at the local level and offer strong incentives for performance improvements in enhanced resilience.

The LoCAL Facility is currently engaged with 38 countries across Africa, Asia the Caribbean and Pacific. Each community in each country identifies the climate impacts, risks and losses and damages they want to minimise or address with the PBCRG, ensuring tailor-made and locally led action on climate change.

After the establishment of the Santiago Network on loss and damage and decision 2/CMA.2. Para 14 and decision 2/CMA, para 43, UNCDF was identified as a network member through the LoCAL Facility. The LoCAL Facility, drawing on its more than 10 years of experience, can support formulating and implementing relevant national plans, assessing future climate risk, reducing exposure and vulnerability, increasing resilience, coordinating action, and monitoring progress.



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