



# LoCAL: An existing relevant Non-Market Approach



**LoCAL**  
 LOCAL CLIMATE ADAPTIVE  
 LIVING FACILITY



Funded by  
 the European Union



Sweden  
 Sverige



Belgium  
 partner in development



MINISTRY OF FOREIGN AFFAIRS  
 OF DENMARK



Schweizerische Eidgenossenschaft  
 Confédération suisse  
 Confederazione Svizzera  
 Confederaziun svizra  
 Swiss Cooperation Office in Mozambique



Norwegian Ministry  
 of Foreign Affairs



THE GOVERNMENT  
 OF THE GRAND DUCHY OF LUXEMBOURG  
 Ministry of Foreign and European Affairs

Directorate for Development Cooperation  
 and Humanitarian Affairs



Deutsche Gesellschaft  
 für Internationale  
 Zusammenarbeit (GIZ) GmbH



AFRICA  
 CLIMATE  
 CHANGE  
 FUND



AFRICAN DEVELOPMENT BANK GROUP



Generalitat de Catalunya  
 Government of Catalonia



Agència Catalana  
 de Cooperació  
 al Desenvolupament



# Relevant information for recording **LoCAL** on the UNFCCC web-based platform

LoCAL Mechanism as an existing non-market approach in line with Article 6.8 of the Paris Agreement, decision 1/CP.21, paragraph 39, and the Glasgow decisions

- a) The LoCAL Mechanism as an **existing relevant non-market approach**
- b) LoCAL links to the initial focus areas of the NMA, facilitating the implementation of **Nationally Determined Contributions (NDCs), and National Adaptation Plans (NAPs)** in the context of **sustainable development and poverty eradication**.
- c) The **web-based platform** should integrate NMAs, such as the LoCAL Mechanism which support NDCs and NAPs implementation at the local level and should leverage additional support for NMA implementing countries.
- d) With a **decade of implementation and experience in working with over 34 countries in LDCs, SIDs and Africa**, the LoCAL Mechanism offers an opportunity to be **considered as a pilot NMA** in the scheduling of implementation for the work programme activities under Article 6.8.



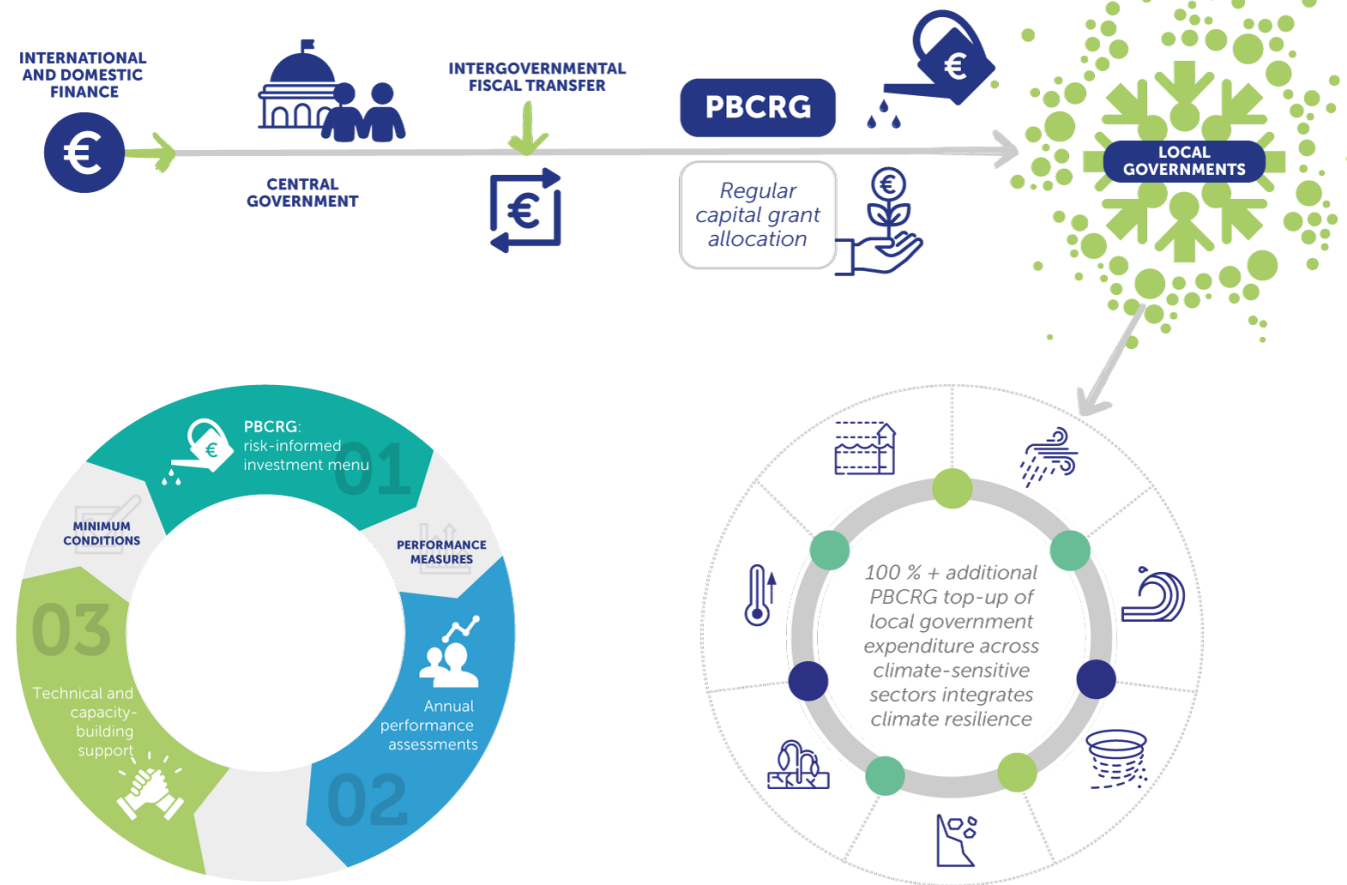
# **A description of the non-market approach and the implementing entities**



# LoCAL introduction

In line with the Paris Agreement, the LoCAL Facility recognizes the **local and sub-national dimensions of adaptation needs** and has supported since 2011 **vulnerable countries** efforts towards enhancing their adaptative capacity and strengthening **resilience of local communities**

- A **standard** and internationally recognized **country-based mechanism** to channel climate finance to local government authorities for adaptation
- **Performance-based climate resilience grants (PBCRGs)** that ensure programming and verification of climate change expenditures at the local level while offering strong incentives for performance improvements in enhanced resilience
- **Technical and capacity-building support** and **monitoring and quality assurance** across



# LoCAL expansion mapped

34 countries  
24 African nations  
27 LDCs  
18 operational with grants

- DESIGN
- PHASE I
- PHASE II
- PHASE III



# LoCAL Board





**How LoCAL addresses the criteria  
in paragraphs 2–3 of the annex  
to decision 4/CMA.3**



# LoCAL: Assisting Parties to implement their NDCs in the context of sustainable development and poverty eradication

- **Poverty Eradication (SDG 1)** : 2,135 investments (2014-2022) across relevant sectors
- **Zero Hunger (SDG 2)**: est. 25% of investments in agriculture sector
- **Clean Water and Sanitation (SDG 6)**: est. 21% of investments in the water sector
- **Sustainable cities and communities (SDG 11)**: est. 30% construction, transport, storage and other social and infrastructure services
- **Climate Action (SDG 13)**: awareness, mainstreaming, financing and investing







# LoCAL promoting ambition

The LoCAL Mechanism promotes enhanced **adaptation** ambition, adaptation-mitigation **co-benefits** and contributes to the implementation of **NDCs** and NAP processes through the vertical integration, addressing the following:

- weak or lack of **institutional capacities** to deal with climate change issues at the lowest administrative level
- lack of appropriate allocations from the national level leading to **unfunded mandates** for addressing climate change across climate sensitive sectors,
- local government's **inability to absorb the incremental costs** of climate change adaptation, and the
- lack of **decentralisation of climate finance to the local government level**, and/or the
- lack of **use of country systems** for that purpose.

LoCAL is:

- Systemic & Scalable
- Flexible
- Standardised



# LoCAL enhancing participation & coordination

As it addresses the stated challenges, the LoCAL Mechanism deploys the following features:

- Enhancing **participation** of **public and private** sector and **civil society organizations** in the implementation of NDCs
- Enabling opportunities for **coordination across** instruments and relevant institutional arrangements



Community consultations, engagement with CSOs and Cambodia pilot with a PPP

Participatory and gender sensitive

Transparency and accountability

Vertical integration of the NDCs and NAPs processes

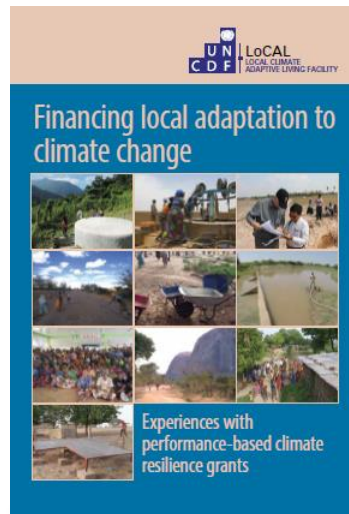




# Synergies of the **LoCAL** Mechanism with the NMA

## (a) Adaptation, resilience, and sustainability

The LoCAL Mechanism supports local governments to increase local resilience to climate impacts by aligning with their mandates, the Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), local adaptation plans and the UNFCCC.



### LoCAL

In 2019, endorsed by the LDC Expert Group to the UNFCCC as supplementary material to its National Adaptation Plan technical guidelines and related ISO standard application



### LoCAL

A recognized tool for financing local adaptation to climate change in the UNFCCC Adaptation Knowledge Portal



# Synergies of the LoCAL Mechanism with the NMA

## (b) Mitigation measures to address climate change and contribute to sustainable development

The LoCAL Facility contributes to the achievement of the Paris Agreement through the local level implementation of adaptation action and **adaptation with co-benefits for mitigation**, including Agriculture, Forestry and Other Land Use (AFOLU) and renewable energy.

It is estimated that 27% of LoCAL-financed investments in member countries concern AFOLU and the energy sector.





# LoCAL Mechanism responding to the mandate Article 6, paragraphs 8–9, decision 1/CP.21, paragraph 39, and CMA decision non-market approaches under the framework

**Adaptation** (with co-benefits for mitigation on AFOLU and renewable energy)

## Finance

- PBCRGs
- Enhanced direct access (USD 185M)

## Technical and capacity building support

- In 2022/23 11,813 national and local government officials and community representatives participated in awareness and capacity-building activities

## LoCAL Referenced by

- Referenced by the UNFCCC Standing Committee on Finance: “The LoCAL Facility under the UN Capital Development Fund is an example of an initiative supporting domestic national budget systems to target adaptation actions at the local level, while reinforcing transparency and reporting through those systems.

-ISO 14093: The LoCAL mechanism and country experience provide the basis for International Standard Organisation standard ISO 14093, launched at COP27 in 2022 and available in the ISO catalogue online.

- the **53th SBI session** approved the report of the stocktaking meeting of the **LEG** as “**financing mechanism** for subnational and local climate action based on performance-based climate resilient grant systems and for integrating adaptation into subnational development plans”



## Alignment of LoCAL Non-Market Approach Principles

The LoCAL Mechanism is aligned with the principles of the non-market approaches agreed at COP26. As highlighted in this submission LoCAL is aligned with and contributes to:

- implementation of **nationally determined contributions (NDCs)** in the context of **sustainable development** and **poverty eradication**;
- enhanced linkages and **synergies** between mitigation, adaptation, finance, technology, and capacity building;
- resilience and **cooperative actions** that are not reliant on market approaches;
- innovation approaches for enhancing adaptation **ambition**; and
- achievement of the long-term temperature goal of the **Paris Agreement**.





**Financial, technology and capacity-building support needed to identify, develop and implement LoCAL as NMA**



# Financial, technology and capacity building support needed to identify, develop and implement **LoCAL** as NMA

## Finance

- Limited resources for adaptation (with SDG and mitigation co-benefits), in particular at the local level
- Estimates of financial needs based on past experience:
  - **Phase I** (2-3 years) : USD 1M per year per country or USD 2-3 M cumulatively per country
  - **Phase II** (3-5 years): USD 2-5M per year per country or USD 6-25 M cumulatively per country
  - **Phase III** : Over USD 5M per year per country
- LoCAL Mechanism for deploying finance for local climate action

## Technology

- Engage with IPCC to advance assessment of climate risk, vulnerabilities and adaptation options.
- In-country **CRVA for subnational adaptation** and user interface for **risk informed local planning**

## Capacity building

- Collaborate with **Glasgow Committee on NMA, Adaptation Committee, and Standing Committee on Finance** – to support LoCAL member countries' efforts to implement adaptation action
- In-country **national and locally led** capacity building including learning by doing





**thank you**