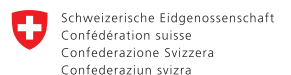




LoCAL 2023 Progress Report



Scaling
adaptation
finance
through
country systems
for locally led
climate action



Directorate for Development Cooperation and Humanitarian Affairs

Swiss Cooperation Office in Mozambique



The impact of climate change is acutely experienced at the local level—where we work, go to school and live our lives. In the world’s most climate-vulnerable nations, adaptation is critical and, all too often, under-resourced. The United Nations Capital Development Fund (UNCDF) designed the **LOCAL CLIMATE ADAPTIVE LIVING FACILITY (LoCAL)** in 2011 as a way to channel finance to local government authorities and their communities to cover the additional costs of mitigating and adapting to the impacts of climate change—thereby minimizing and addressing potential loss and damage. Managed by UNCDF, the Facility supports LoCAL country-owned mechanisms for climate finance delivery that have realized adaptation solutions for more than 16 million people around the world. More than 30 countries across Africa, Asia, the Caribbean and the Pacific have engaged with LoCAL to deliver resilience-building solutions for climate-vulnerable populations. The LoCAL approach provides the basis for international standard [ISO 14093:2022](#), which contributes to Sustainable Development Goals 1, 11 and 13.

2023 LoCAL Progress Report

**Scaling adaptation
finance through country
systems for locally led
climate action**



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United Nations Capital Development Fund (UNCDF)
304 East 45th Street 5th Floor
New York, NY 10017, USA
Tel: +1-212-906-6565; fax: +1-212-906-6479
Email: info@uncdf.org
Website: www.uncdf.org

LoCAL Facility (Global and Africa)
UNCDF
4 Ngabo Road
Kampala, Uganda
Email: local.facility@uncdf.org
Website: www.uncdf.org/local

Authors: Lena Bratlie and Josephine Laursen with technical inputs from Sophie De Coninck, Kulrisa Shayavee, Rafael Moser, Sarah Harris, Ronan Pecheur and Cédric Jancloes as well as LoCAL country staff, under the guidance of David Jackson, Director for Local Development Finance, UNCDF, and Co-Chair of the LoCAL Board

Design and editing: Nita Congress

Cover design: Cédric Jancloes

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Acronyms

ACCAF	Assessing Climate Change Adaptation Framework	LoGIC	Local Government Initiative on Climate Change
ANFICT	National Agency for Local Authority Funding (Agence Nationale de Financement des Collectivités Territoriales)	NAP	national adaptation plan
BOAD	West African Development Bank (Banque Ouest Africaine de Développement)	NDC	nationally determined contribution
COP	United Nations Climate Change Conference	NMA	non-market approach
EU	European Union	PBCRG	performance-based climate resilience grant
FNEC	National Fund for Environment and Climate (Fonds National pour l'Environnement et le Climat)	SDG	Sustainable Development Goal
GCF	Green Climate Fund	SIDS	small island developing states
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	Sida	Swedish International Development Cooperation Agency
ICIMOD	International Centre for Integrated Mountain Development	UN	United Nations
ISO	International Organization for Standardization	UNCDF	United Nations Capital Development Fund
LDC	least developed country	UNDP	United Nations Development Programme
LISA	Local Information System for Adaptation	UNEP	United Nations Environment Programme
LoCAL	Local Climate Adaptive Living Facility	UNFCCC	United Nations Framework Convention on Climate Change
		UNITAR	United Nations Institute for Training and Research



Preface

Local government authorities in the least developed countries (LDCs) and other vulnerable countries, particularly small island developing states (SIDS) and African nations, are in a unique position to identify and implement climate change adaptation responses that best meet local needs. Moreover, they typically are mandated to undertake the small to medium-sized adaptation investments needed to build climate resilience. Yet they frequently lack the resources to do so—particularly in a way aligned with established local decision-making processes and planning and budgeting cycles.

Building on its experience in working with local governments, the United Nations Capital Development Fund (UNCDF) designed the Local Climate Adaptive Living Facility (LoCAL) in 2011. LoCAL promotes climate change–resilient communities and local economies by providing a standard and internationally recognized country-based mechanism to channel climate finance to local government authorities in LDCs and other vulnerable developing countries. LoCAL thus contributes at the subnational level to country achievement and implementation of the Paris Agreement, nationally determined contributions and national adaptation plans. Further, its support of effective local climate action helps countries meet the objectives of a range of climate and environmental international conventions and

frameworks, including the Rio conventions on biodiversity, climate change and desertification; and the climate-related Sustainable Development Goals; the Sendai Framework for Disaster Risk Reduction; and the Doha Programme of Action for LDCs.

LoCAL puts local and community adaptation needs at the centre of climate change action and creates intentional linkages for planning, financing, implementing and monitoring nationally determined contributions and national adaptation plans at the subnational and community levels (i.e. vertical integration). LoCAL increases awareness and capacities to respond to climate change at the local level, integrates climate change adaptation into local governments' planning and budgeting systems in a participatory and gender-sensitive manner, and increases the amount of finance available to local governments and vulnerable communities for climate change adaptation.

Since its global scale-up in 2014, LoCAL has been deployed in 20 countries: [Bangladesh](#), [Benin](#), [Bhutan](#), [Burkina Faso](#), [Cambodia](#), [The Gambia](#), [Ghana](#), [Lao PDR](#), [Lesotho](#), [Malawi](#), [Mali](#), [Mozambique](#), [Nepal](#), [Niger](#), [Pakistan](#), [Solomon Islands](#), [Tanzania](#), [Tunisia](#), [Tuvalu](#) and [Uganda](#). As of December 2023, 372 local governments, representing a population of over 18.04 million, have engaged with LoCAL. Another

18 countries have expressed interest in deploying the mechanism and are preparing to do so — **Chad, Côte d'Ivoire, Equatorial Guinea, Fiji, Guinea, Guinea-Bissau, Haiti, Jamaica, Liberia, Madagascar, Rwanda, São Tomé and Príncipe, Senegal, Somalia, South Sudan, Sudan, Vanuatu** and **Zambia**—bringing the total number of LoCAL countries to 38. Through LoCAL, UNCDF has, between 2019 and December 2023, catalysed \$175.5 million from partners, own resources and parallel funding from governments; the majority of these funds are disbursed as performance-based grants to local governments for locally led adaptation.

The COVID-19 pandemic and national recovery efforts, now overshadowed by ongoing conflicts in **Ukraine, Gaza** and **Sudan**, underscore the need for firm commitment and increased effort to ensure developing countries and LDCs can achieve their climate targets and accelerate sustainable development. A 2023 report by the United Nations Framework Convention on Climate Change's Standing Committee on Finance, looking to double the finance available for adaptation, encourages

...developed country Parties, the operating entities of the Financial Mechanism, MDBs [multilateral development banks] and other climate finance providers to continue making adaptation finance a priority in their climate finance strategies and policies, and climate finance recipients to continue prioritizing adaptation finance needs in their partnership dialogues...

Using LoCAL, UNCDF with its years of implementation experience, global reach and country buy-in, is well positioned to drive additional adaptation finance to communities with a transparent and standard process, as laid out in ISO 14093.

This progress report summarizes LoCAL activities and results across Africa, Asia, the Caribbean and the Pacific, and at the global level, drawing on a range of experiences and good practices in LoCAL design and implementation since 2014. It focuses on the January–December 2023 reporting period.



Executive summary

The Local Climate Adaptive Living Facility (LoCAL) continues to expand to meet strong and growing demand from countries. As of end 2023, 38 countries across Africa, Asia the Caribbean and Pacific are designing or implementing their LoCAL actions. Some two-thirds of all least developed countries (LDCs) are engaged with LoCAL, as are eight small island developing states (SIDS) and 26 African nations.

Since global expansion of LoCAL in 2014, it has engaged with 372 local governments, reaching an indirect beneficiary population of over 18 million people via locally led adaptation investments that build sustainability to the impacts of climate change as experienced at the community level.

LoCAL has gained increasing global recognition as a vehicle to promote local climate resilience and deploy decentralized climate finance, with repeated references in United Nations Framework Convention on Climate Change documentation and LDC action documents, and with support from national governments.

The **Gambia** followed other countries (notably, **Bangladesh** and **Cambodia**) in electing to use the LoCAL mechanism to channel national resources to communities for locally led adaptation. The Gambia, the smallest country in mainland Africa and an LDC, has limited resources for adaptation, making this decision a notable commendation

of the efficacy of the LoCAL mechanism and approach.

LoCAL continues to secure support from bilateral and multilateral donors and funds. Between 2019 and 2023, UNCDF catalysed \$175.5 million in funding for LoCAL—almost 40 percent of this (\$67.8 million) in 2023.

LoCAL's years'-long support to **Benin** to transition to Phase III came to fruition in 2023. The Green Climate Fund approved over \$9 million for LoCAL in the West African country for scaled-up action on adaptation to the impacts of climate change by working with local governments and communities. Benin is one of 16 countries benefiting from LoCAL support for (direct) access to international climate finance for locally led adaptation.

Also in 2023, UNCDF secured a number of new and renewed commitments for LoCAL from technical and financial partners, including Australia, Belgium, Denmark, Germany, Luxembourg, New Zealand, Norway and Switzerland.

The European Union (EU) and its Member States continued to be the most important LoCAL donor in 2023, notably expanding support to scale up LoCAL in **Uganda**. Preparations were under way at end 2023 for LoCAL's launch in **Côte d'Ivoire**—also with EU support, alongside New Zealand. LoCAL is now in a design or implementation

phase in eight SIDS, increasing its footprint in the Pacific region.

In addition, the EU and UNCDF signed a \$14.3 million financing agreement to launch LoCAL in [Tunisia](#). Among other initiatives, the programme will support the development and implementation of selected local governments' sustainable energy access and the development of climate action plans through the establishment of a performance-based climate resilience grant system in the country.

The Advancing Climate Adaptation in the Southern Mediterranean (ACA-MED) programme—supported by the EU and to be implemented jointly by UNCDF through LoCAL and Agence française de développement (AFD), promotes subnational adaptation financing in [Algeria](#), [Egypt](#), [Jordan](#), [Lebanon](#), [Morocco](#), [Palestine](#) and [Tunisia](#).

In 2023, Denmark expanded existing support for operations in Africa and to [Bangladesh](#). To date, the EU and Member States have provided the bulk of funding for LoCAL operations since inception in 2011.

Ministers attending the third LoCAL Ministerial Meeting in May 2023 signed a declaration launched on the sidelines of the 78th United Nations General Assembly and at Climate Week NYC in September 2023, calling for “simplified” and “consistent” access to climate finance and the establishment of a consolidated funding modality for LoCAL. They explained that this would enable them to federate and thereby sequence climate finance for scaling up locally led adaptation actions in their countries.



SECTION 1

About LoCAL

We are living through a global climate crisis, the consequences of which are already devastating lives and livelihoods. The demand for adaptation action that meets the needs of those countries most affected by climate change has never been greater. Developing countries—especially least developed countries (LDCs), small island developing states (SIDS) and African nations—and their populations are among those most exposed to the worst impacts of climate change, such as drought, floods, sea level rise and shifting weather patterns. The Local Climate Adaptive Living Facility (LoCAL) is working with ever more countries to deliver on their adaptation needs without delay.

A large proportion of developing countries and LDCs are located in geographic areas where the climate crisis can have drastic impacts on people's living conditions. The largely rural character of many of these countries means that the impact of climate change can have extremely severe repercussions on the natural resource base on which livelihoods rely. The **capacity of developing countries and LDCs for adaptation and resilience is hampered by poverty, a lack of infrastructure and basic services**, and inadequate resources and capacities to deal with the worst effects of climate change.

While much attention is given to international climate negotiations and actions in which central

governments participate, the impacts of climate change are most dramatically observed and experienced at the local level. **Local governments are uniquely positioned to understand and address climate change–related issues** at the local level, responding to the needs of vulnerable communities and groups across their territories. Local governments are in fact often ultimately responsible for a variety of sectors and areas that are climate sensitive and of extreme importance to the success of adaptation measures—including land use, water management, natural resource management and infrastructure.

Parties to the United Nations Framework Convention on Climate Change (UNFCCC) recognize—as specified in the [Paris Agreement](#)—the local and subnational dimensions of adaptation in protecting people, livelihoods and ecosystems in response to climate change (Article 7.2). The agreement further states:

The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation. (Paris Agreement Article 9.4)

66

THE EU IS THE LEADING CONTRIBUTOR TO THE LOCAL CLIMATE ADAPTIVE LIVING FACILITY, WHICH IS PART OF THE SOLUTION: IT CHANNELS CLIMATE FINANCE DIRECTLY TO THE LOCAL AUTHORITIES WHO BEST UNDERSTAND THE LOCAL NEEDS. —*Jutta Urpilainen, Commissioner for International Partnerships, EU*



The [Glasgow Climate Pact](#) adopted at the 2021 United Nations Climate Change Conference (COP26) reiterated the urgency of scaling up action and support—including finance, capacity building and technology transfer—to enhance adaptive capacity; strengthen resilience and reduce vulnerability to climate change; and further integrate adaptation into local, national and regional planning. The pact emphasized the importance of **adequate, predictable funding** in scaling up provisions for financing adaptation action. The [Sharm el-Sheikh Implementation Plan](#) endorsed at COP27 further acknowledges existing gaps in adaptation finance and welcomes consideration by the UNFCCC parties in matters related to funding arrangements responding

to the loss and damage associated with the adverse effects of climate change, especially in most-vulnerable states. It calls for developed country parties, multilateral development banks and international financial institutions to scale up efforts, through **transformative finance, new channels and instruments**, to meet global climate finance commitments and address climate change challenges.

COP28 parties made an agreement to operationalize a Loss and Damage Fund—an important step towards addressing climate impacts and accelerate efforts relating to climate mobility and contributing to global stability. Several countries announced pledges to the fund, committing more than \$700 million.

According to the most recent [Assessment and Overview of Climate Finance Flows](#) (UNFCCC Standing Committee on Finance, 2022), average annual global climate finance flows increased 12 percent over 2019–2020, reaching \$803 billion. This was driven by increased flows of **adaptation finance**, which rose 65 percent from an annual average of \$30 billion in 2017/2018 to \$49 billion in 2019/2020.

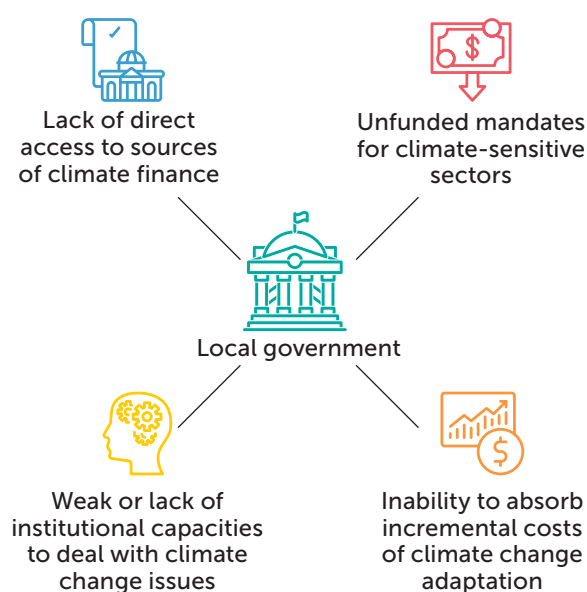


Participants backing the ministerial declaration for simplified and consistent access to climate finance with LoCAL at COP28 included ministers from The Gambia, São Tomé and Príncipe, Tanzania, Burkina Faso, Uganda and Senegal; the chair of the LDC Group; and representatives from the EU and Belgium. © Rafael Moser/UNCDF

But the report points out that the bulk of public finance flows from developed to developing countries is for mitigation rather than adaptation. Because climate change is accelerating, this means **the adaptation finance gap is widening**. The United Nations Environment Programme’s (UNEP’s) [Adaptation Gap Report 2023](#) estimates annual adaptation costs in developing countries to be approximately \$215 billion a year, and ranging between \$130 billion and \$415 billion annually. Intensifying climate risks mean these costs are projected to rise significantly by 2050.

The UNFCCC 2022 [climate finance assessment](#) notes that accreditation to multilateral climate funds increased by 36 percent in 2019–2020, due to the rising number of national and regional institutions being accredited, but they accounted for only 10 per cent of financial outflows. Moreover, the **effectiveness of adaptation planning** against criteria for integration across sectors (horizontal) and governance levels (vertical) is mixed: specifically, there is fairly high horizontal but rather low vertical integration. The result is that **local governments in developing countries, particularly LDCs, are not contributing significantly** to climate change adaptation and resilience building, as summarized in [Figure 1.1](#). Hence, the UNFCCC

Figure 1.1: Obstacles to local government contributions to adaptation



Standing Committee on Finance encourages developed countries, other climate finance providers and recipients to continue to enhance access to climate finance at local level as well, while simultaneously supporting modalities

such as direct access entity and national implementing entity accreditation, readiness and project preparation facilities, and subnational- and local-level access programmes” to enhance country’s ownership. (Fifth Biennial Assessment and Overview of Climate Finance Flows, p. 9)

LoCAL purpose

LoCAL was designed by the United Nations Capital Development Fund (UNCDF) in 2011 to promote climate change–resilient communities and local economies by establishing a standard, internationally recognized country-based mechanism to channel climate finance to local government authorities in developing countries, particularly LDCs. LoCAL:

- Increases local-level climate change **awareness** and capacities
- Integrates climate change adaptation into local government **planning and budgeting** in a participatory and gender-sensitive manner
- Increases the **financing** available for locally led adaptation through local governments

To this end, LoCAL provides **performance-based climate resilience grants (PBCRGs)** to cover the additional costs of adaptation and make local development climate resilient. In addition to its financial component, LoCAL provides **capacity building** and **technical assistance** to local governments to help them better assess climate risks and vulnerabilities and integrate climate change adaptation into their planning and budgeting processes—thus improving preparedness for, awareness of and resilience to climate change.

LoCAL is aligned with national climate change and decentralization strategies, nationally determined contributions (NDCs) and national adaptation plans (NAPs), thus bringing the Paris Agreement to the local and community levels. It also contributes towards meeting the objectives of other climate and environment international conventions and frameworks—including the Sendai Framework for Disaster Risk Reduction; the Rio conventions on biodiversity, climate change and desertification; the Doha Programme of Action for LDCs; and the climate-related Sustainable Development Goals (SDGs)—through effective local climate action.

with local governments at the lowest or second-lowest tier.

LoCAL’s innovative **PBCRG system** channels climate finance to improve responses to climate change at the local level. The PBCRG includes a performance element that simultaneously:

- Incentivizes local governments to integrate adaptation and implement targeted measures in a participatory and gender-sensitive manner
- Ensures traceability and increases transparency and accountability by enabling verification of climate change expenditures at the local level

By thus fostering capacity and trust, the LoCAL PBCRGs improve local governments’ abilities to access and effectively use various sources of climate funding for locally led climate action.

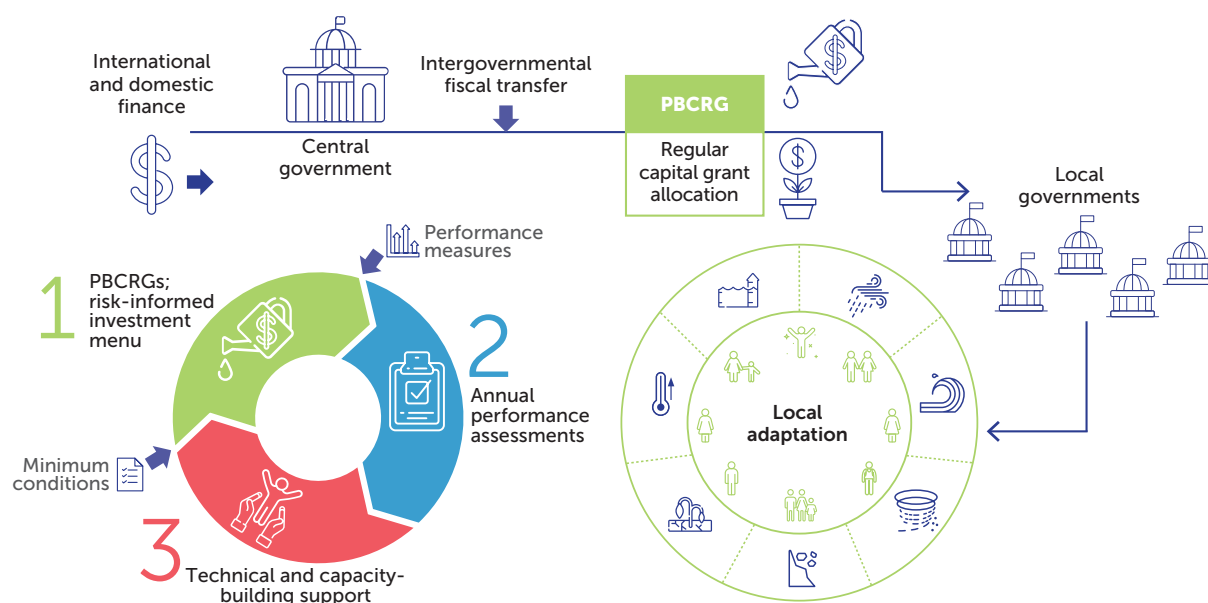
As shown in [Figure 1.2](#), LoCAL PBCRGs are channelled through countries’ **existing fiscal transfer mechanisms**, thereby strengthening national appropriation and accountability.

The PBCRG can be seen as an **earmarked cross-sectoral grant with conditions** attached to the use of its funding for climate change adaptation

The LoCAL Standard: ISO 14093

LoCAL informs the International Organization for Standardization (ISO), [ISO 14093: Mechanism for financing local adaptation to climate change—performance-based climate resilience grants](#), cementing LoCAL’s position as an internationally recognized and standardized approach to climate finance delivery for local climate action, working

Figure 1.2: How LoCAL PBCRGs work



related to identified risks and vulnerabilities. Combined with regular grant allocations, the PBCRG gradually enables an increased percentage of local governments' investments in climate-sensitive sectors to become climate resilient over time. To ensure accountability and relevance, PBCRGs include minimum conditions, performance measures and a menu of eligible investments aligned with NAPs and NDCs.

Figure 1.3 summarizes the **major operational components of the LoCAL mechanism** on the ground. Putting all these components in place typically involves the following actions.

- **Climate risk assessment.** Climate risk and vulnerability assessments are reviewed or undertaken to inform the local adaptation planning and mainstreaming process. Needs and capacities are assessed.
- **Integrate adaptation.** Local governments in consultation with local communities integrate adaptation in the local development planning and budgeting processes; and cost, prioritize and select adaptation investments within the boundaries of the investment menu to be financed through the PBCRGs. They develop local adaptation programmes in a participatory manner.
- **Implementation.** Local governments are assessed annually against minimum

conditions. As these conditions are met, PBCRGs are disbursed to support implementation of adaptation investments in the context of local governments' annual planning and budgeting cycles. These actions are implemented or coordinated by local governments (e.g. through procurement to local small or medium-sized enterprises or via community contracting).

- **Appraise performance.** The performance of local government is appraised annually. This assessment determines how efficiently and effectively additional resources have been used and how core functions were performed as well as climate change adaptation promoted. Audits are undertaken as part of the established national process. Lessons are learned, and systems and procedures gradually improved.
- **Capacity building.** The performance results inform the PBCRG allocations for the next year, based on a pre-agreed formula and priority capacity-building activities designed to address weaker performance areas. This strengthens local governments' incentives for continual performance improvement and targeting of the most-needed adaptation investments.

Figure 1.3: LoCAL cycle



LoCAL in action

The LoCAL mechanism is implemented by deploying the PBCRG system to programme and monitor climate change expenditure at the local level and leverage its impact to trigger further flows for local adaptation—including national fiscal transfers and access to global climate finance through national governments for locally led adaptation.

Since 2014, LoCAL has been expanded across Asia and launched in Africa and the Pacific, becoming a global mechanism in the process. In the years from global expansion in 2014 to December 2023, LoCAL has been deployed by 372 local



Local leaders and landowners receive memorandums of understanding for demarcation and restoration of the River Mubuku in Kasese, Uganda—community action and participation is at the heart of LoCAL implementation. © Isaac Mbusa/ UNCDF Uganda

governments in 20 countries, accounting for a combined population of over 18.04 million.

The mechanism operates in three phases plus a preparatory design phase (Figure 1.4), each associated with specific criteria to determine its degree of maturity in the respective country (Figure 1.5).

- **Phase I: Piloting** consists of initial preparation and testing in two to four local governments. Phase I countries as of December 2023 are [Burkina Faso](#), [Lao PDR](#), [Malawi](#), [Mali](#), [Nepal](#), [Pakistan](#), [Solomon Islands](#), [Tanzania](#), [Tunisia](#), [Tuvalu](#) and [Uganda](#). These Phase I efforts are at different stages: in Lao PDR and Nepal, design work and resource mobilization are ongoing to transition to Phase II following earlier preparatory work; Mali, Tuvalu and Uganda will move into Phase II during 2024.
- **Phase II: Consolidating** takes place in at least 5–10 local governments in a country. It involves collecting lessons and demonstrating the mechanism’s effectiveness at a larger scale. As of December 2023, [Lesotho](#) had transitioned into Phase II, joining [Bangladesh](#), [The Gambia](#), [Ghana](#) and [Niger](#).

- **Phase III: Scaling-up** consists of a progressive national roll-out of LoCAL based on the results of the previous phases and lessons learned. LoCAL is gradually extended to more local governments, with domestic or international climate finance, and becomes the national system for channelling adaptation finance to the local level. When it directly accessed Green Climate Fund (GCF) support, [Benin](#) embarked on Phase III in 2023. Benin and [Mozambique](#), which expanded into a third of the country’s districts using several sources of donor funding, joined earlier scale-ups in [Bhutan](#) and [Cambodia](#).

The **design phase** preceding these three implementation phases is aimed at assessing the necessary conditions for deployment of the LoCAL mechanism in the prospective country and in paving the way for its effective start-up by:

- Engaging key stakeholders, including national and subnational government institutions, and development partners
- Collecting and analysing the information/data needed for design of LoCAL Phase I

Figure 1.4: LoCAL phases





DESIGN PHASE 	<ul style="list-style-type: none"> • Assess necessary conditions for deployment of LoCAL mechanism • Collect and validate information/data needed for design of Phase I • Define the PBCRG system • Engage key stakeholders • Form financial and technical partnerships
PHASE I PILOTING 	<ul style="list-style-type: none"> • Introduce PBCRG system • Develop baseline • Test in 2–4 local governments over 1–2 fiscal years • Fine-tune methodology (minimum conditions; performance measures; menu of investments; flow of funds and formula)
PHASE II CONSOLIDATING 	<ul style="list-style-type: none"> • Expand to at least 5–10 local governments • Expand on financial and technical partnerships • Collect lessons; assess results with technical assistance from LoCAL • Demonstrate effectiveness • Prepare for national roll-out
PHASE III SCALING-UP 	<ul style="list-style-type: none"> • National roll-out • Gradual expansion to all local governments • Funded with reallocated domestic resources, direct access to international climate financing and other partners • Share experiences and data • Quality assurance and support from LoCAL

Figure 1.5: LoCAL countries as of end 2023, by phase of engagement



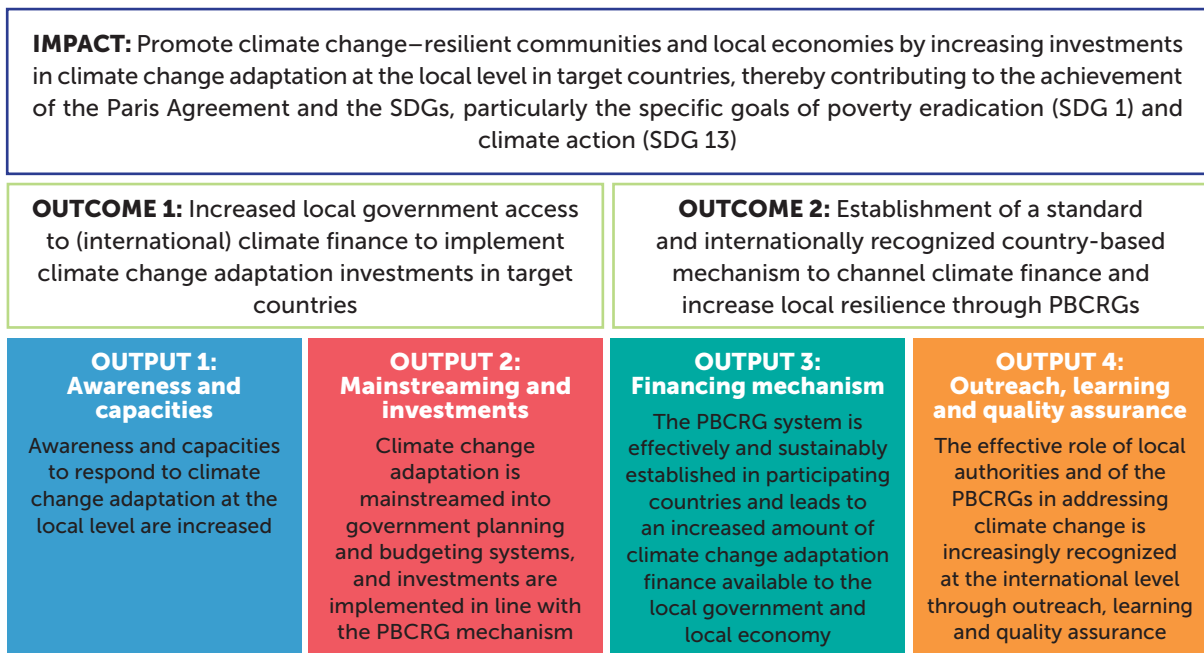
- Defining the elements of design of the LoCAL mechanism (e.g. flow of funds, grant allocation formula, minimum conditions, performance measures, menu of eligible investments)

Côte d'Ivoire, Fiji, Guinea, Jamaica, Liberia, Rwanda, São Tomé and Príncipe, Senegal, Somalia, Vanuatu and Zambia are in the design phase and are expected to begin Phase I as resources are mobilized. Chad, Equatorial Guinea, Guinea-Bissau, Haiti, Madagascar, South Sudan and Sudan are among the latest countries to officially express interest in LoCAL, and have or

are assessing conditions for deploying it. In some countries, LoCAL activities have been delayed due to volatile political contexts as shown in [Figure 1.5](#).

LoCAL activities are implemented in line with a comprehensive **Results and Resource Framework**; this is illustrated in [Figure 1.6](#) and summarized for 2023 in [Table 2.5](#). The next section of this report details this progress, presenting highlights of LoCAL achievements for 2023.

Figure 1.6: LoCAL Results and Resource Framework





SECTION 2

2023 Achievements

Since the commencement of its second phase of global expansion in 2019, LoCAL has successfully moved forward with a series of actions at the global level and across its 38 countries aimed at establishing the vision set by its Board as a

Standard and internationally recognized country-based mechanism for the Least Developed Countries (LDCs) and other Vulnerable Countries in particular Small Island Developing States (SIDs) and African nations that is uniquely positioned to assess local needs, build subnational and local government capacity, reach grassroots communities to promote green and resilient communities and local economies.

Highlights

This section details LoCAL accomplishments by output and indicator (Figure 2.1). [Table 2.5](#), at the end of the section, presents an at-a-glance status of LoCAL progress to December 2023 against its targets. The most notable achievements of the year follow.

- As of December 2023, LoCAL was **deployed in 20 countries** across Africa, Asia and the Pacific: [Bangladesh](#), [Benin](#), [Bhutan](#), [Burkina Faso](#), [Cambodia](#), [The Gambia](#), [Ghana](#), [Lao PDR](#), [Lesotho](#), [Malawi](#), [Mali](#), [Mozambique](#), [Nepal](#), [Niger](#), [Pakistan](#), [Solomon Islands](#), [Tanzania](#), [Tunisia](#), [Tuvalu](#) and [Uganda](#).
- Another 18 countries—[Chad](#), [Côte d'Ivoire](#), [Equatorial Guinea](#), [Fiji](#), [Guinea](#), [Guinea-Bissau](#), [Haiti](#), [Jamaica](#), [Liberia](#), [Madagascar](#), [Rwanda](#), [São Tomé and Príncipe](#), [Senegal](#), [Somalia](#), [South Sudan](#), [Sudan](#), [Vanuatu](#) and [Zambia](#)—have submitted official requests to deploy LoCAL and/or are undergoing scoping/design exercises to inform resource mobilization and launch of Phase I.
- Since 2014, **372 local governments** across its portfolio have engaged with LoCAL, reaching an indirect beneficiary population of over 18.04 million and 4.68 direct beneficiaries. Approximately 327,310 direct beneficiaries—including 165,122 women—benefited from LoCAL investments implemented during the reporting period.
- In 2023, **142 climate change adaptation** interventions were financed and completed across seven countries—[Bangladesh](#), [Bhutan](#), [Burkina Faso](#), [The Gambia](#), [Ghana](#), [Lesotho](#) and [Tanzania](#)—using PBCRGs. This brings the number of climate change adaptation interventions delivered through LoCAL since 2014 to 2,236.
- In 2023, LoCAL's **resource mobilization increased by 120 percent** over the previous year's total, totalling \$67.8 million—an all-time record high for the programme. Donors

Figure 2.1: LoCAL outputs and indicators

Output

Indicators

1

Awareness and capacities to respond to climate change adaptation are increased at the local level

- 1.1** Number of targeted local authorities that regularly collect, update and analyse climate change information
- 1.2** Amount of capacity-building grants delivered to participating countries
- 1.3** Number of national and local authorities' officials and community representatives that participated in awareness and capacity-building activities (disaggregated by sex and subject area)
- 1.4** Number and percentage of participating local authorities meeting the minimum conditions without need for corrective action

2

Climate change adaptation is mainstreamed into government's planning and budgeting systems, and investments are implemented in line with the PBCRG mechanism

- 2.1** Number of targeted local authorities that have integrated climate change adaptation into their local planning and budgeting processes
- 2.2** Number and value of climate interventions and investments financed through the PBCRG mechanism (disaggregated by type— capacity building/equipment/infrastructure and ecosystem-based, sector and ecosystem)
- 2.3** Percentage of local authorities that are promoting community-based governance in one or more domains of planning, contracting, monitoring and management for PBCRG investments
- 2.4** Percentage of PBCRG investments and interventions explicitly targeting women

3

The PBCRG system is effectively and sustainably established in participating countries and leads to an increased amount of climate change adaptation finance available to local government and local economy

- 3.1** Amount of PBCRG delivered to participating local authorities
- 3.2** Number and average increase of local authorities actively using the PBCRG system in participating countries
- 3.3** Volume of domestic resources channelled through and/or leveraged by UNCDF-designed PBCRG mechanism (disaggregated by source)
- 3.4** Evidence of the institutionalization of the PBCRG system in participating countries through policy, regulatory or institutional reforms

4

The effective role of local authorities and of the PBCRGs in addressing climate change is increasingly recognized at the international level, through outreach, learning and quality assurance

- 4.1** Number of high-level initiatives referencing UNCDF LoCAL experience
- 4.2** Evidence of use of PBCRG/LoCAL knowledge and communication products by the climate and development international community



Community stakeholders discuss coastal water access in Sutarkhali, Bangladesh. © UNCDF Bangladesh

recommitting to LoCAL in 2023 included the European Union (EU), Belgium, Denmark, New Zealand, Norway, Sweden and Switzerland; new donors joining include Australia and Luxembourg. Since beginning its second period of global expansion in 2019, LoCAL has catalysed a total of \$175.5 million, including 11.3 million (approximately 6 percent) in parallel funding, and delivered \$84.8 million.

- LoCAL **continues to expand to new countries** and increase its global outreach, especially across Africa. During the reporting period, **Burkina Faso, Malawi, Pakistan, Solomon Islands, Tanzania, Tunisia** and **Uganda** launched pilot phases.
- **Countries scaled up** PBCRG uptake. To date, five countries have successfully transitioned to Phase II, including **Lesotho** during 2023. A funding proposal approved in 2023 will allow LoCAL to deliver PBCRGs to an additional 25 communes in **Benin**, laying the groundwork for full national roll-out

(Phase III). **Mozambique** is transitioning to Phase III during 2024, adding districts in both old and new provinces and drawing on an overall budget of approximately \$50 million mobilized from multiple funding sources.

- Through LoCAL, UNCDF has been **supporting member countries in pursuing accreditation efforts** of national implementing entities. Concurrently, UNCDF has been developing a **pipeline of proposals** to the Green Climate Fund (GCF) and the Adaptation Fund totalling approximately \$180 million, destined for local adaptation finance to further enable LoCAL expansion in existing and candidate countries.
- To help inform the climate agenda system in favour of subnational actors and locally led adaptation in the most vulnerable countries and LDCs, UNCDF **engaged with United Nations Framework Convention on Climate Change (UNFCCC) bodies** to leverage country experience with the LoCAL mechanism. As a result, LoCAL was featured and referenced in

the UNFCCC report of the 44th meeting of the Least Developed Countries Expert Group. It was similarly featured in the Standing Committee’s Fifth Biannual Assessment and Overview of Climate Finance Flows.

- LoCAL was the most frequently cited existing non-market approach (NMA) noted in the 2022 UNFCCC Secretariat’s synthesis report informing the Glasgow Committee on Non-market Approaches. LoCAL countries have continued to advocate for LoCAL to be referenced in the context of the framework for NMAs under Article 6 of the Paris Agreement. Notably, the Government of [Ghana](#), during a COP28 workshop, highlighted how the LoCAL mechanism supports and assists countries in their NDC implementation efforts in the context of sustainable development and poverty eradication.

LoCAL impact

Participating countries and beneficiaries

The number of local government authorities participating in LoCAL soared from 29 in 7 countries in 2014 to **372 in 20 countries** as of December 2023—a 12-fold increase. LoCAL had an overall beneficiary population reach of over 18.04 million as of December 2023. [Table 2.1](#) shows the breakdown of local government populations supported by LoCAL countries.

Eighteen additional countries are undertaking LoCAL scoping/design exercises. Efforts are ongoing to explore patterns of collaboration and financing opportunities. These countries are [Côte d’Ivoire](#), [Fiji](#), [Guinea](#), [Jamaica](#), [Liberia](#), [Rwanda](#), [São Tomé and Príncipe](#), [Senegal](#), [Somalia](#), [Sudan](#), [Vanuatu](#) and [Zambia](#); with [Chad](#), [Equatorial Guinea](#), [Guinea-Bissau](#), [Haiti](#), [Madagascar](#) and [South Sudan](#) becoming the latest countries to officially express interest in deploying LoCAL. This brings the total number of LoCAL countries to 38.

Table 2.1: Cumulative populations of local governments supported by LoCAL as of December 2023

Country	Population
Bangladesh	1,864,412
Benin	860,586
Bhutan	206,288
Burkina Faso	296,971
Cambodia	3,598,558
Gambia, The	301,367
Ghana	1,202,573
Lao PDR	509,990
Lesotho	297,364
Malawi	1,210,953
Mali	107,541
Mozambique	3,080,417
Nepal	137,435
Niger	668,495
Pakistan	803,041
Solomon Islands	740,424
Tanzania	846,281
Tuvalu	1,642
Uganda	1,307,533
Total	18,041,871

The LoCAL projects in these countries are, as noted in section 1, at different phases of maturity. During the reporting period, LoCAL supported **pilots (Phase I) in 11 countries, consolidation (Phase II) in 5 countries, and scale-up (Phase III) in 4 countries.**

Resource mobilization and delivery

Between 2014 and December 2023, LoCAL had catalysed **\$223.7 million in direct and parallel funding**. Parallel funding since 2014 stands at \$25.6 million, or 11 percent. During the reporting period, UNCDF raised \$67.8 million, mostly in direct funding, for LoCAL actions.

During the January–December 2023 reporting period, **UNCDF delivered \$20.1 million** through LoCAL to participating countries and local governments in the form of grants and capacity-building and operational support at the national and subnational levels. Since inception, cumulative total delivery is \$102 million.

In terms of delivery by output ([Figure 2.2](#)), **the largest share—35 percent, or \$7.00 million—was disbursed for Output 2**; this was primarily for local climate change adaptation investments and climate change adaptation mainstreaming into local public plans. A total of \$3.09 million (15 percent) was disbursed for Output 1—capacity-building support and technical and operational assistance to national and local governments and communities. Output 3 received \$4.92 million (24 percent) for activities supporting the deployment, institutionalization and consolidation of the PBCRG system in countries; this includes undertaking annual performance assessments and supporting access to climate finance generally. Finally, \$4.07 million was disbursed to Output 4 for outreach, learning and quality assurance; this includes \$1.01 million for the project office, monitoring and evaluation, learning and communications.

[Figure 2.3](#) and [Table 2.2](#) provide cumulative totals for LoCAL from all funding sources. Over the years, the **EU** has provided support totalling

Figure 2.2: LoCAL delivery by output, 2014–2023

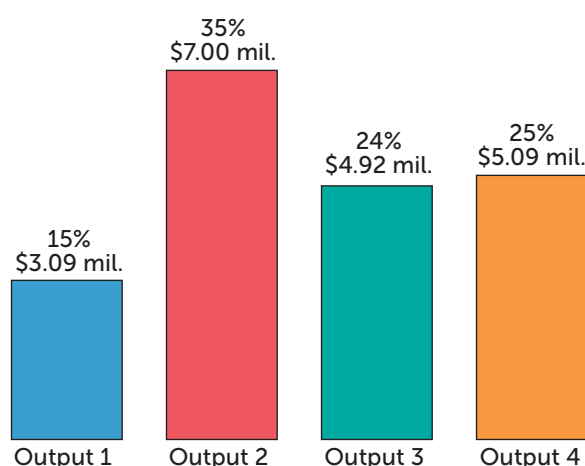
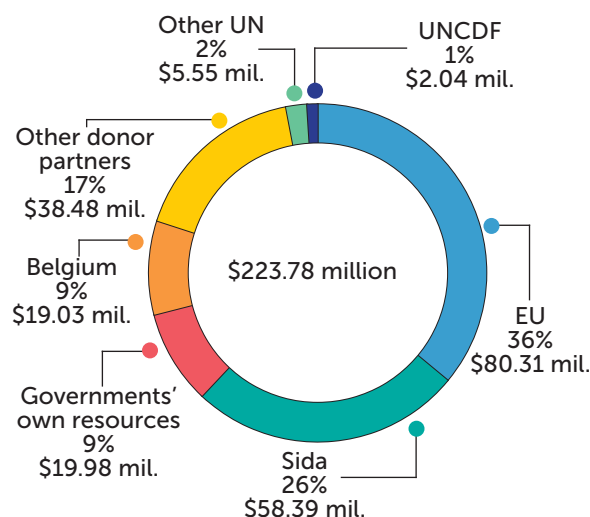


Figure 2.3: LoCAL delivery by donor/source, 2014–2023



\$80.31 million to global expansion of the LoCAL portfolio and to selected country initiatives (notably, in 2023, [Solomon Islands](#), [Tunisia](#) and [Uganda](#)) through different funding envelopes, including the Neighbourhood, Development and International Cooperation instrument, the Global Climate Change Alliance Plus (GCCA+), the EU Trust Fund for Africa, the Development Cooperation Instrument and the European Development Fund. **Sida** support has increased over the years and to date totals \$58.39 million. The next largest funder as of December 2023 was **Belgium**, with total contributions to country programmes in [Mozambique](#), [Tanzania](#) and [Uganda](#) of \$19.03 million.

Highlights of resource mobilization for the reporting period follow.

- In 2023, LoCAL catalysed **\$67.8 million**—an all-time record high for the global programme since 2014. The EU accounts for 51 percent of the total contributions received in 2023, followed by New Zealand (13 percent), Sida (9 percent) and other donors (27 percent).
- In 2023, **Australia, New Zealand and Luxembourg joined the LoCAL funder community**, contributing support to, respectively, [Nepal](#), [Solomon Islands](#) and the global programme.

Table 2.2: LoCAL funding sources, 2014–2023

Source	Amount (\$)	Source	Amount (\$)
European Union	80,318,548	Other donor partners	38,478,659
Global ²	12,655,150	AfDB (Benin & Lesotho)	997,524
Middle East and North Africa	9,700,000	Andorra (Global)	22,213
Bangladesh ¹	8,519,843	Australia (Nepal)	650,000
Bhutan ³	7,000,000	Catalan (Mozambique) ¹	530,000
Gambia, The ¹	6,400,000	Denmark (Africa)	7,093,416
Ghana ¹	6,000,000	Denmark (Bangladesh)	2,264,930
Mozambique ¹	4,908,674	GIZ (Lesotho)	550,000
Solomon Islands	6,591,000	GIZ (Pakistan)	680,000
Tunisia	14,173,881	Italy (Global)	460,000
Uganda	4,370,000	Italy (Niger)	150,000
Sida	58,392,924	Rep. of Korea (Cambodia)	1,000,000
Global (PFIS)	3,000,000	Liechtenstein (Global)	160,000
Global (Booster Fund)	7,113,314	Luxembourg (Global)	1,597,000
Global (Last Mile Trust Fund)	3,366,252	NDC Partnership (Global)	572,080
Asia Pacific	1,873,030	NDC Partnership (Uganda)	358,022
Bangladesh ¹	8,354,451	Norway (Ghana) ¹	1,357,715
Cambodia ¹	2,288,287	Norway (Tanzania) ¹	2,915,867
Mozambique ¹	32,397,590	New Zealand (Solomon Islands)	9,000,000
Governments' own resources	19,975,968	Switzerland (Mozambique) ¹	8,119,892
Bangladesh ³	2,773,294	United Nations	7,587,078
Benin ³	559,497	UNCDF core	2,037,000
Cambodia ³	12,982,177	UNDP (Niger)	450,000
Gambia, The ³	1,350,000	UNDP (Solomon Islands)	713,338
Gambia, The	1,300,000	UNDP-GEF (Lao PDR) ³	2,145,000
Mali ³	916,000	MPTF (Ghana)	15,000
Senegal	10,000	MPTF (Mali)	400,000
Uganda	85,000	MPTF (Niger)	1,716,740
Belgium¹	19,034,085	UNPPS/UNRCO (Mozambique)	110,000
Mozambique	1,964,085		
Mozambique	5,200,000		
Tanzania	4,370,000		
Uganda	7,500,000		
		Total	223,787,262

Note: GEF = Global Environment Facility; MPTF = Multi-Partner Trust Fund; PFIS = Partnerships Framework on Inclusive Growth and Sustainable Development; UNDP = United Nations Development Programme; UNPPS = UN Peace Process Secretariat; UNRCO = UN Resident Coordinator Office.

¹ Direct funding at the country project level under the LoCAL Global Programme document.

² Amount of contribution adjusted to match actual income received in U.S. dollars.

³ Funded through parallel budget.

- The Government of **Denmark provided support of \$2.4 million** for the LoCAL mechanism in **Bangladesh** under the Local Government Initiative on Climate Change (LoGIC) programme, joining Sida.
- **Mozambique's** transition to Phase III is being supported with an overall budget of approximately \$50 million mobilized to date from multiple funding sources including **Sida, SDC, the EU and Belgium**.
- The **Government of Norway** signed financing agreements with UNCDF totalling \$4.27 million for continued support of LoCAL implementation in **Ghana** and **Tanzania**.
- A \$4.37 million financing agreement with the **Belgium Government** will support LoCAL roll-out to the coastal areas of **Tanzania**.
- The **Government of Australia committed approximately \$650,000** to support Climate-Resilient Local Economies and Communities in **Nepal**—Delivering on the NDP, NDC and NAP through Subnational Climate Action, a programme that builds on the LoCAL mechanism in Nepal.
- A signed agreement with **Luxembourg** supports preparatory work and Phase I in **Rwanda** and preparatory work in **Lao PDR**.
- The EU, UNCDF and Agence française de développement (AFD) signed the **Advancing Climate Adaptation in the Southern Mediterranean (ACA-MED)** programme committing \$9.84 million to a LoCAL pilot. ACA-MED will emphasize the relevance of country-based systems in financing subnational adaptation in a new region for LoCAL.

Direct access and enhanced direct access to international climate finance

Through LoCAL, UNCDF supports national partners in unlocking resources that will ensure efforts are sustained through a sequencing of finance. This includes supporting direct access to GCF and the Adaptation Fund,

budget support and other sources of finance. **Direct access to international climate finance remains a challenge for developing countries and subnational authorities and institutions**, as funding is primarily distributed to national governments. To shift this paradigm, UNCDF supports LoCAL member countries in pursuing accreditation of national implementing entities responsible for managing climate funds, fiscal transfers and/or supporting local governments or actors, while developing a pipeline of proposals for local adaptation finance by GCF or the Adaptation Fund to further enable LoCAL expansion. These efforts are summarized in [Table 2.3](#).

As of December 2023, three national implementing entities engaged with and/or supported by LoCAL received GCF accreditation and two more are supported.

- In 2019, **Benin's** National Fund for Environment and Climate (Fonds National pour l'Environnement et le Climat—FNEC) was the **first national implementing entity directly engaged in LoCAL to be accredited by GCF**. Early in 2023, FNEC submitted a full funding proposal to GCF that was approved later that year. This will expand LoCAL to 25 communes over the next six years (see [Box 2.1](#)).
- **Cambodia's** National Committee for Subnational Democratic Development Secretariat (NCDD-S) became the **first national implementing entity dealing with local governments to receive GCF accreditation**. The secretariat will use this accreditation to directly access and channel adaptation finance to local governments using the country's consolidated PBCRG system. A concept note was submitted to GCF, which approved development of a full-fledged funding proposal, with support from UNCDF.
- The **Bhutan** Trust Fund for Environmental Conservation was **accredited to GCF in 2020 with UNCDF support**. Shortly thereafter, it reached out to UNCDF for assistance

Table 2.3: Status of accreditation and proposals for local adaptation finance from GCF/Adaptation Fund to enable LoCAL expansion

Country	Accreditation	Status
Bangladesh		Green, Resilient and Adaptive Chattogram Economy (GRACE)—LoCALplus concept note approved by Adaptation Fund Board; full proposal under development
Benin	FNEC accredited to GCF in 2019 with UNCDF/LoCAL support	Proposal approved in October 2023
Bhutan	Bhutan Trust Fund for Environmental Conservation (BT FEC) accredited to GCF in 2020 with UNCDF support through LoCAL	Climate Adaptation, Resilience and Engagement in Local Governments concept note to GCF approved in 2023; full funding proposal under development in 2024
Cambodia	National Committee for Subnational Democratic Development Secretariat (NCDD-S) accredited to GCF in 2019 with UNCDF support through LoCAL	<ul style="list-style-type: none"> Local Governments and Climate Change Project Phase 3 concept note to GCF approved; full funding proposal under development NCDD-S is preparing a readiness proposal to strengthen capacities and (infra)national architecture for subnational adaptation finance
Jamaica		Jamaica’s readiness project to GCF for LoCAL preparatory work and to launch first pilot approved in 2023; agreement to come
Niger	UNCDF, through LoCAL, supporting ANFICT GCF accreditation efforts	Niger’s readiness project to GCF to support LoCAL consolidation and scale-up approved in 2023; agreement to come
Tanzania	UNCDF, through LoCAL, supporting President’s Office—Regional Administration and Local Government (PO-RALG) GCF accreditation efforts	National Environmental Management Council programme proposal to Adaptation Fund Board submitted; comments being integrated for resubmission
The Gambia		UNCDF and UNEP working on joint concept note for Adaptation Fund to expand ecosystem-based adaptation through LoCAL mechanism
Uganda	Ministry of Water and Environment accredited to GCF in 2020	Concept note under review by GCF
Regional efforts with LoCAL support		
Burkina Faso, Côte d’Ivoire, Mali and Niger with BOAD		Regional funding proposal is under final review by GCF
Fiji, Solomon Islands, Tuvalu and Vanuatu with the Secretariat of the Pacific Community		Regional funding proposal approved by the Independent GCF Independent Technical Advisory Panel (iTAP) and Secretariat in 2023; institutional arrangements are being further developed before Board submission

in leveraging GCF direct access to scale up LoCAL. The proposal was approved in 2022, and a concept note was prepared and

approved in 2023, giving the go-ahead to prepare a full funding proposal in 2024.

Additionally, through LoCAL, UNCDF is providing **on-demand support to the accreditation**

Box 2.1: Accessing international climate finance with LoCAL

In 2023, the Green Climate Fund approved over \$9.4 million in **Benin** to scale up action on adaptation to the impacts of climate change by working through LoCAL with local governments and communities. The approval was a major achievement for the West African nation, which is one of the world's most vulnerable to climate change, and a clear recognition of the results delivered in Benin since LoCAL's launch in the country in 2014.

GCF approval paves the way for scale-up of LoCAL actions from the current 9 communes to a total of 25 highly vulnerable communes across Benin. The expansion will take LoCAL results from a beneficiary base of 860,000 to a projected 2.7 million people.

Benin is now one of four countries on its way to rolling out LoCAL at the national level—Phase III of LoCAL implementation—along with **Bhutan**, **Cambodia** and **Mozambique**. The funds approved by GCF will be dispersed through the National Fund for Environment and Climate, (FNEC), which received GCF accreditation in 2019 with technical assistance from the LoCAL Facility.



Women draw water from a super-deep well, a LoCAL-financed investment identified by the community in Toukountouna, Benin. © Sarah Harris Simpson/UNCDF

efforts of national implementing entities in **Niger**—the National Agency for Local Authority Funding (Agence Nationale de Financement des Collectivités Territoriales—ANFICT)—and **Tanzania**—the President's Office—Regional Administration and Local Government (PO-RALG). These institutions have long-term relationships with UNCDF and view LoCAL and the PBCRG system as a recognized standard to help them succeed in their accreditation processes.

Regional efforts were pursued in West Africa as **Burkina Faso**, **Côte d'Ivoire**, **Mali** and **Niger** continued to work with UNCDF and the West African Development Bank (BOAD). An upgraded regional GCF funding proposal was developed with the Council of Local Authorities of the West

African Economic and Monetary Union as a new partner. The proposal's aim is to mobilize climate finance for the deployment and consolidation of the LoCAL PBCRG system and complementary private finance instruments; it is now under review by GCF.

UNCDF partnered with the Pacific Community to submit a funding proposal for a multi-country programme benefiting four Pacific SIDS—**Fiji**, **Solomon Islands**, **Tuvalu** and **Vanuatu**. The proposal was approved by the Independent Technical Advisory Panel (iTAP) and the GCF Secretariat in 2023; the institutional set-up is being further defined for submission to the Board.

In **Tanzania**, UNCDF partnered with the National Environmental Management Committee to submit a **concept note on LoCAL to the Adaptation Fund to scale up LoCAL grants**. The project aims to strengthen the climate resilience of communities and local economies in Tanzania through climate change investments combined with technical and capacity-building support at the policy, institutional and individual levels. In 2023, work was undertaken to address Adaptation Fund Board comments and strengthen the project's gender dimension.

UNCDF partnered with the **International Centre for Integrated Mountain Development (ICIMOD)** for technical assistance and support targeting Hindu Kush Himalaya regional member countries through LoCAL. ICIMOD is planning coordinated actions with UNCDF on adaptation to the impacts of climate change in the highly vulnerable region. Building on this partnership, the Government of **Bangladesh**, UNCDF and ICIMOD submitted a concept note for the Green, Resilient, and Adaptive Chattogram Economy (GRACE)-LoCALplus project. GRACE seeks to address adaptation investment deficits for hazards, vulnerability and exposure in hilly regions in the southeast of Bangladesh through LoCAL. The concept note was approved by the Adaptation Fund and, during the second half of 2023, the teams worked together to develop a full funding proposal, which was submitted to the Adaptation Fund for review in January 2024.

In **The Gambia**, following a request from the government, UNCDF and UNEP are working together on a joint concept note to the Adaptation Fund to further **expand the LoCAL mechanism to 48 wards**, while ensuring the proper functioning of ecosystems as a positive impact of the selected investments by local governments and their communities. In this context, **nature-based solutions will be given priority**.

Candidate countries are **exploring how to leverage the GCF Readiness Programme** to deploy LoCAL Phase I and prove the concept in view of a subsequent LoCAL scale-up through GCF direct access or other funding sources.

- **Jamaica**, the first LoCAL Caribbean country, submitted such a readiness proposal in 2022 to undertake LoCAL preparatory work and launch a first pilot. The proposal was approved early in 2023 and addresses the subnational dimension of the NAP process by strengthening the capacity of local governments, establishing climate-resilient communities and local economies, and strengthening the link between the Paris Agreement and the Sendai Framework for Disaster Risk Reduction at the subnational level.
- In **Niger**, a GCF readiness proposal to support ANFICT accreditation was submitted with LoCAL support and approved early in 2023 with UNCDF as delivery partner. This support will aid ANFICT in the development and revision of key procedures and policies to meet GCF accreditation criteria and throughout Stage I of the accreditation process.
- A readiness envelope in support of LoCAL consolidation and scale-up was also sought in **Cambodia**, to strengthen capacities and (infra)national architecture for subnational adaptation finance. The proposal was submitted to GCF in 2022 and is expected to be approved in 2024.

As of December 2023, UNCDF has been supporting member countries in **preparing a pipeline of approximately \$180 million to GCF and the Adaptation Fund**. Most of the proposals are positioned in the Enhancing Direct Access (EDA) window, which seeks to enable regional and national accredited entities in establishing country-based mechanisms involving a stronger devolution of decision-making to local actors, including local authorities.

Output 1: Awareness and capacities

Sensitization and capacity building for effective local climate governance

Under LoCAL, national and local governments receive support to increase awareness and build capacities to assess, plan and effectively respond to climate change through appropriate adaptation actions. Capacity-building support—in the form of training and institutional strengthening—covers all aspects of effective local decision-making processes for risk-informed planning, budgeting and implementation of adaptation options that respond to locally identified needs. **Sensitization of communities on climate change issues and risks encourages participatory approaches** to resilience building and reinforces bottom-up responses for locally led adaptation.

During the reporting period, **14,361 national and local authority officials and community representatives participated in capacity-building activities** on climate change adaptation data usage, planning and budgeting, investment management and public financial management with LoCAL support. Of these participants, 3,393 were women. Highlights follow.

- In **Benin**, new local officials in nine target communes were trained on climate change adaptation mainstreaming, building on the partnership with the Training Centre for Local Government (Centre de Formation pour l'Administration Locale—CeFAL) and previous training of trainers. The workshop focused on (i) key concepts on climate change and adaptation, (ii) awareness raising among stakeholders on the benefits of integrating climate change adaptation into local development planning, (iii) building the capacity of key players to integrate climate change into programming and budgeting documents and (iv) strengthening

participants' knowledge of the LoCAL mechanism. The workshop's overall objective was to strengthen the level of integration of climate change into municipal development strategies and plans.

- In **Burkina Faso**, trainings were organized to benefit the three pilot communes, with support from the Permanent Secretariat for the National Council for Sustainable Development, in identifying adaptation investments for PBCRG financing during fiscal year 2023. With UNCDF support, three follow-up training workshops were held in 2023 with a total of 89 participants to highlight the climate change adaptation planning exercise, the PBCRG system deployment cycle and training on the annual performance assessment manual. The training helped build the capacity of actors from communes and national structures. Experiences shared in **Niger** reinforced participants' understanding.
- In **The Gambia**, a partnership between UNCDF and the Department of Community Development has enabled sensitization, training and capacity building at the ward level on a regular basis. LoCAL–The Gambia continued to undertake a series of capacity-building activities on public financial management as well as on the functioning of the LoCAL mechanism and its PBCRG system. Seventy-six workers from across the 32 wards—an increase of 12 percent over last year—have been sensitized through train-the-trainer sessions held in the Lower River and North Bank regions in 2023.
- In **Lao PDR**, a workshop was held for local government staff and stakeholders in 2023. The workshop covered the LoCAL mechanism and its key components and the updated LoCAL–Lao PDR design, as well as stakeholder responsibilities during the different phases of LoCAL implementation. Climate change vulnerabilities, impacts, risks and opportunities—and the country's climate risk and vulnerability assessment—were discussed, along with the impact on sectors in Lao PDR, and how these factor into LoCAL



Gewog water group discussed challenges in maintaining water supply due to landslides, Bhutan. © Cédric Jancloes/ UNCDF Bhutan

investments and development planning. Finally, the workshop sought to enhance the capacity of government participants to integrate climate change into budgeting, planning and investment at the local level.

- In **Lesotho**, the Ministry of Local Government and Chieftainship—in collaboration with GIZ Integrated Catchment Management (ICM) and UNCDF—undertook two training workshops for the districts’ teams in the six new community councils (Menkhoaneng, Kubake, Makhoalipane, Seate, Tenesolo and Metsimaholo). A total of 97 participants attended, with over 50 percent female participants in each workshop. The main objective of the training was to introduce LoCAL and the ICM partnership and elaborate on the LoCAL financing mechanism approach towards implementation of ICM measures. It also looked to improve awareness of the

importance of addressing climate risk through appropriate planning and to build the capacity of local government officials to implement catchment rehabilitation measures through the LoCAL mechanism in alignment with the government system.

- In **Malawi**, a national-level workshop was held in Salima district, designed to cultivate awareness of the LoCAL mechanism and its practical implementation. The workshop focused on aligning the PBCRG with the broader performance-based grants system currently being implemented by the Malawi Government. This integration encompassed a thorough alignment with both the PBCRG manual and the annual performance assessment manual, ensuring a cohesive and coordinated approach to climate adaptation efforts in Malawi.

- In **Mozambique**, a series of district-level workshops were held in the provinces of Gaza, Inhambane, Nampule and Niassa. These capacity-building activities targeted local government staff, civil society, community leaders and interest groups such as women, the elderly and youth (see [Box 2.2](#)). The activities were intended to raise awareness about climate change; promote a participatory approach to project identification, selection and prioritization among community members; and change behaviours towards the environment in fulfilment of the SDGs at the community level. Trainings covered (i) project identification prioritization, integrating a gender and inclusiveness perspective; (ii) interpretation and broadcasting of data generated from meteorological stations; (iii) integration of climate change adaptation and resilience into local development plans, including monitoring and evaluation tools; and (iv) infrastructure project design, contractor hiring and contract management. A total of 11,736 people across 24 districts benefited from the training.

Efforts to **directly engage local communities and sensitize them on climate change and local resilience** were also undertaken. A few examples from the field follow.

- In **The Gambia**, communities are systematically involved in the realization of climate change adaptation interventions through cash-for-work schemes. All 32 ward development committees continue the success from 2022 in implementation of cash-for-work activities, with 6,570 full-time-equivalent short-term jobs created so far, mainly for women and youth. About 75 percent of these jobs were taken by youth between the ages of 18 and 35. The cash-for-work beneficiaries have acquired new skills related to climate-smart agriculture, market gardening and husbandry. Similarly, in **Ghana**, cash-for-work schemes—combined with life skills training and access to finance support—have, as of December 2023,

created 1,095 full-time-equivalent short-term jobs.

- Also in **Ghana**, LoCAL-Ghana partner SOS Children’s Villages embarked on a sensitization exercise in target assemblies to mark World Earth Day, with the theme of Invest in Our Planet. The exercise focused on promoting sustainable production practices for indigenous people in the Offinso North District and the Wassa Amenfi East Municipality—specifically, on how to produce and use organic fertilizers. Overall, 195 community members were sensitized in organic manure production.
- In **Lesotho**, UNCDF supported district teams in Mophale’s Hoek in the organization of community sensitization sessions. These sessions aimed to provide guidance and awareness to local authorities and communities on the sustainable use of water resources, climate change and adaptation, LoCAL and overall investment sustainability matters. A total of 267 people participated, of whom 68 percent were female.

During the reporting period, **\$3.62 million in grants aimed at capacity building and institutional strengthening** were delivered through LoCAL. Cumulative grants for this purpose awarded between 2014 and May 2023 total \$12.96 million.

Capacity-building support has covered public financial management, adaptation budgeting and planning, adaptation monitoring and evaluation, and gender mainstreaming. This support has been critical in helping local governments meet minimum conditions and improve their performance under the PBCRG system. To date, **97 percent of the local governments actively using the PBCRG system have met the minimum conditions** without the need for corrective measures.

Delivering climate data and services

Science-based evidence of climate change risks to support risk-informed planning is often lacking at the local level and in LDCs, making **access**

Box 2.2: Recognizing LoCAL's value added in Mozambique

More than 150 civil servants and administrators from Gaza, Inhambane, Nampula, Niassa and Zambezia provinces gathered in Marracuene, Maputo, in August 2023 for the LoCAL-Mozambique annual assessment, and to discuss matters related to local governance, the public financial management system and planning related to fighting climate change.

“LOCAL IS THE BEST MODEL TO RESPOND TO THE NEEDS OF THE PEOPLE BY ENHANCING THE REACH OF THE STATE AND DIALOGUING DIRECTLY WITH COMMUNITIES, THEIR NEEDS AND THEIR HOPES.

—Domingos Lambo, Permanent

Secretary of the Ministry of Economy and Finance, Mozambique

“We held this event at a time when the government planning approach must be based on results, with priority given to the observance of the principles of transparency in the management of financial resources and accountability,” affirmed Domingos Lambo, Mozambique’s Permanent Secretary of the Ministry of Economy and Finance.

“We recognize the value of LoCAL and its contribution to fighting climate change in Mozambique,” he continued. “And we thank LoCAL for strengthening the capacities of local actors to improve the performance of their activities, with special attention to planning, budgeting, accountability, procurement, acquisitions, as fundamental premises for public finance management in a participatory and inclusive approach in Mozambique.”

to actionable climate information a challenge.

In response, UNCDF has established technical partnerships to design and develop tailor-made, country-based methodologies and systems to support the collection and analysis of climate

data for local-level decision-making, while testing options to help national and subnational governments estimate the benefits and costs of potential adaptation options based on climate scenarios and available projections.

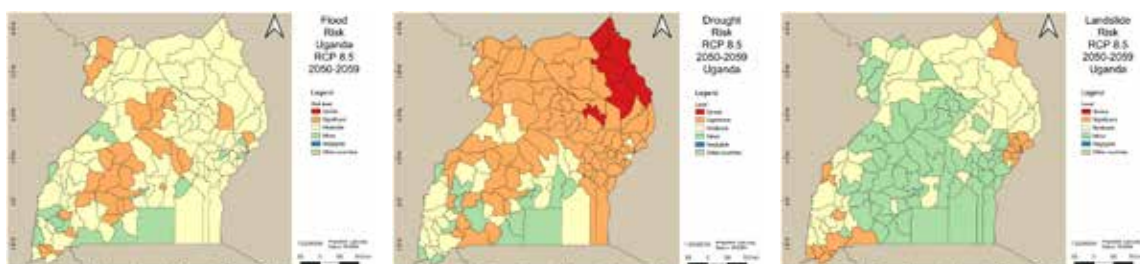
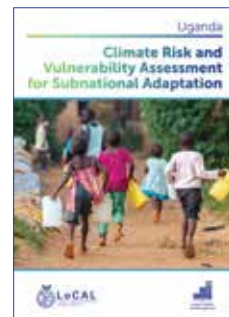
- During **Ghana’s** pilot phase, UNCDF performed a **country-wide climate risk assessment** which combined a climate downscaling model with a vulnerability analysis to identify climate risk maps both at the metropolitan, municipal and district assembly level and for prioritized sectors (agriculture, health and water). This work served as a foundation for establishing a local-based information system for climate change adaptation. The Local Information System for Adaptation (LISA) platform has been deployed in all LoCAL-implementing districts in Ghana and is now almost fully configured. It features key climate and vulnerability-related data sets that cover, among others, precipitation, temperature, humidity, sunshine, wind velocity and disasters (e.g. flood-sensitive areas), as well as crops, waterbodies, soil, vegetation, pests, livestock, REDD+, tree cover, biomass, carbon dioxide emissions, wetlands, infrastructure and land use. A similar LISA platform is being rolled out in **The Gambia**.
- In **Niger**, following the finalization of a **climate risk assessment focusing on climate change impacts on food security**, UNCDF, through LoCAL, undertook an integrated cost-benefit analysis of prioritized adaptation options in line with priority interventions identified in the assessment and national-level adaptation objectives. This will ultimately support national and subnational stakeholders in closing the loop for risk-informed and effective decision-making in adaptation planning. In 2023, LoCAL-Niger coordinated with country stakeholders on implementing an integrated cost-benefit analysis to inform potential nationwide and local adaptation strategies.
- **Uganda** finalized a **climate risk and vulnerability assessment** consisting of (i) a climate downscaling of past and future

climate projections at a lower resolution than data available from most climate models; and (ii) a risk and vulnerability analysis exploring climate stressors and the vulnerability causality chain, trends and main drivers (Box 2.3). The report has been widely endorsed by national counterparts. Options for its more granular use for the benefit of local governments are under discussion. The Uganda report completes a series of climate risk assessments undertaken since 2019 in [Ghana](#), [The Gambia](#), [Mali](#), [Niger](#) and [São Tomé and Príncipe](#) and a downscaling report in [Burkina Faso](#).

The LoCAL-supported combination of tailored technical assistance to produce and make quality science-based climate data and information readily available is bridging the data gap issue at the local level. Capacity-building support and learning by doing in managing these tools and using them for local adaptation planning are further bridging the capacity gap. As of December 2023, **284 local governments engaged with LoCAL regularly to collect, update and analyse climate change information.**

Box 2.3: Uganda’s climate risk and vulnerability assessment

The climate risk assessment initiated in 2021 in Uganda was completed and published in 2023 to provide data for climate risk-informed local development planning by identifying and mapping climate risk, exposure and vulnerability hotspots at the district level. Local decision makers, together with their communities, can use this information to prioritize climate change adaptation actions and investments based on quantified scientific analysis. The main objective of Uganda’s Climate Risk and Vulnerability Assessment for Subnational Adaptation is to provide information about current and future risks and the likely impacts of climate change across the country’s districts. The analysis is based on the climate change risk and impact models developed by Working Group III for the fifth report of the Intergovernmental Panel on Climate Change (IPCC) and the Paris Agreement. **Climate change future projections are defined for 10-year-average time slices and for the 2030, 2040 and 2050 future time horizons**, based on two IPCC greenhouse gas emissions representative concentration pathway (RCP) scenarios—an intermediate one and the most unfavourable one (RCP 4.5 and RCP 8.5, respectively). District-level exposure and vulnerability data (sensitivity and adaptive capacity) were collected in line with key performance parameters (for vulnerability-related indicators): governance, knowledge and innovation, equity and social cohesion, and ecosystem integrity. Hazards, exposure and vulnerability were combined and **district risk levels established and plotted in country-wide risk maps**. This means that **district-level landslide, flood and drought risk maps (current and projected) are now available** for the districts so as to anticipate possible impacts and plan for adequate adaptation responses.



Flood, drought and landslide risk projections for 2050–2059 mapped across Uganda’s districts.

Output 2: Mainstreaming and investments

Integration of climate change adaptation into local planning and budgeting processes

Mainstreaming climate change adaptation into local development plans is aimed at enhancing subnational programming of resources towards more resilient and sustainable development pathways and strategies. During the reporting period, 289 local governments integrated climate change considerations into their local planning and budgeting processes (Table 2.4). **Malawi** and **Uganda**—the latest two pilots launched—have started engaging local governments in the review of their midterm local development plans using an adaptation lens and/or in the development of adaptation-focused annual investment plans. **Pakistan**, **Solomon Islands** and **Tunisia** underwent inception work in 2023 and will be officially launched in 2024.

Three countries—**Cambodia**, **Lao PDR** and **Nepal**—are transitioning between phases and thus have not deployed PBCRGs over their last two budgetary cycles. This gap in deployment lowers the number of actively participating local governments to 304 as of December 2023.

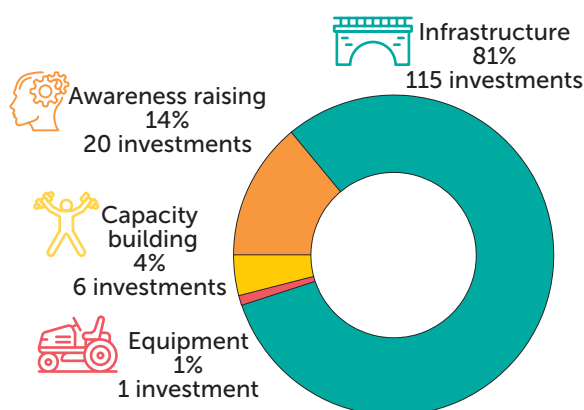
Adaptation and resilience interventions and measures

In 2023, **142 climate change adaptation interventions** were financed through LoCAL in seven countries—**Bangladesh**, **Bhutan**, **Burkina Faso**, **The Gambia**, **Ghana**, **Lesotho** and **Tanzania**—for a total value of approximately \$2.61 million, including about \$272,379 in co-financing from national and/or local governments' own resources. This brought the cumulative total of small-scale climate-resilient interventions financed through LoCAL since 2014 to 2,236. During the 2023 reporting period, over 327,310 people were reported as directly benefiting from

PBCRG-financed investments in targeted local governments.¹

Over the reporting period, **81 percent of PBCRG-financed interventions were infrastructure investments** (Figure 2.4). Of the remainder, 1 percent was dedicated to the provision of equipment, 14 percent to awareness raising and 4 percent to capacity-building activities.

Figure 2.4: LoCAL investments by type, January–December 2023



By sector, **44 percent of the completed interventions in 2023 focused on water and sanitation**, followed by agriculture, which accounted for 18 percent of the interventions; another 13 percent went for investments in social and infrastructure services. During the reporting period, there was a marked increase in the number of interventions in the energy sector, accounting for 7 percent of the investment total (Figure 2.5).

The **majority of LoCAL investments in 2023 were undertaken in dryland areas** (**Burkina Faso**, **The Gambia**, **Lesotho** and **Tanzania**), followed by coastal areas (**Bangladesh**), inland water

¹ As reported by local governments implementing PBCRG investments as of May 2023; this excludes Cambodia, as its figures were provided in terms of households rather than individuals. Note that these numbers are estimates based on local governments' own assessments of the number of individuals directly benefiting from financed interventions based on the scope, location and type of investment.

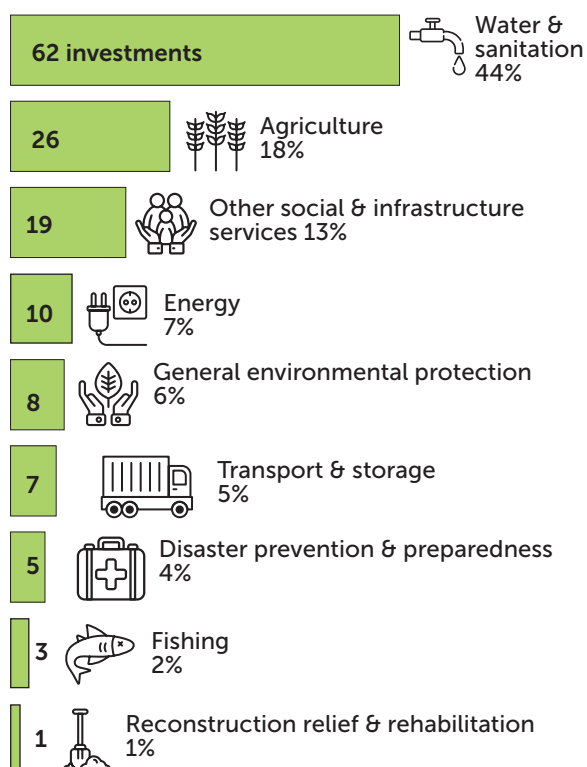
Table 2.4: Engagement of local governments in LoCAL as of December 2023

Country	Lead implementing partner	Government level	Participating in LoCAL	Integrating CCA ¹
			Number	
Bangladesh	Ministry of Local Government, Rural Development and Cooperatives, Local Government Division	Union parishad (<i>upazila</i>)	72 (19)	72 (19)
Benin	Ministry of Living Environment and Transports, in charge of Sustainable Development; National Fund for the Environment and Climate, Permanent Secretariat of the Local Finance National Commission	Commune	9	9
Bhutan	Ministry of Home and Cultural Affairs, Department of Local Governance; Ministry of Finance; Bhutan Trust Fund for Environmental Conservation	<i>Dzongkhag/gewog</i>	100	100
Burkina Faso	Ministry of the Environment, Water and Sanitation; Environment Intervention Fund; Permanent Secretariat of the National Council for Sustainable Development; Directorate-General for Local Authorities	Commune	3	3
Cambodia	Ministry of Environment, National Committee for Subnational Democratic Development Secretariat	District/municipality	n.a.	n.a.
Gambia, The	Ministry of Lands and Regional Governments; Ministry of Finance and Economic Affairs; Ministry of Environment, Climate Change and Natural Resources	Ward development committee	32	32
Ghana	Ministry of Local Government, Decentralization and Rural Development; Ministry of Environment, Science, Technology and Innovation; Environmental Protection Agency	Metropolitan, municipal and district assembly	13	13
Lao PDR	Ministry of Natural Resources and Environment; Ministry of Home Affairs; Ministry of Finance; Ministry of Planning and Investment	District	n.a.	n.a.
Lesotho	Ministry of Local Government, Chieftainship Home Affairs, and Police; Ministry of Finance; Ministry of Development Planning; Ministry of Environment and Forestry; Department of Lesotho Meteorological Services	Community council	10	10
Malawi	Ministry of Natural Resources and Climate Change; Ministry of Finance and Economic Affairs; National Local Government Finance Committee; Ministry of Local Government, Unity and Culture	District	3	3
Mali	Ministry of Environment, Sanitation and Sustainable Development; Ministry of Local Administration and Decentralization; Environment and Sustainable Development Agency; National Investment Agency for Local Authorities	Commune	4	4
Mozambique	Ministry of Economy and Finance; Ministry of Land, Environment and Rural Development	District	24	24
Nepal	Ministry of Forest and Environment; Ministry of Federal Affairs and General Administration; Ministry of Finance	Former VDC/municipality	n.a.	n.a.
Niger	Ministry of Hydraulics, Sanitation and the Environment; Ministry of Interior, Public Security and Territorial Administration; National Environment Council for Sustainable Development; National Agency for Financing of Local Authorities	Commune	12	12
Pakistan	Local Government, Election & Rural Development Department	Tehsils	3	n.a.
Solomon Islands	Ministry of Provincial Government and Institutional Strengthening; Ministry of Environment, Climate Change and Disaster Management	Provinces	9	n.a.
Tanzania	PO-RALG, Office of Vice President, Institute of Rural Development Planning	District	3	3
Tunisia	Ministry of Environment; Ministry of Interior	Municipality	n.a.	n.a.
Tuvalu	Ministry of Home Affairs, Climate Change and Environment; Ministry of Finance	<i>Kaupule</i>	3	n.a.
Uganda	Ministry of Water and Environment; Ministry of Local Governments; Ministry of Finance, Planning and Economic Development	District	4	4
Total			304	289

Note: n.a. = not applicable; PO-RALG = President's Office—Regional Administration and Local Government (PO-RALG); VDC = village development committee.

¹ Integrating climate change adaptation planning and budgeting.

Figure 2.5: Completed LoCAL investments by sector, January–December 2023



ecosystems ([Bangladesh](#)), mountainous and cultivated areas ([Bhutan](#) and [Ghana](#)) ([Figure 2.6](#)).

In terms of climate responsiveness, the **largest share of interventions financed in 2023 (38 percent) was classified as climate smart** ([Figure 2.7](#)) as defined by the ACCAF methodology. These are interventions aimed at development goals, but whose actions need to

Figure 2.6: LoCAL investments by ecosystem, January–December 2023

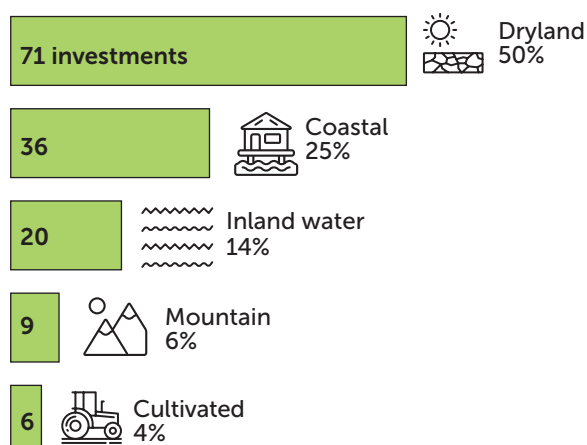
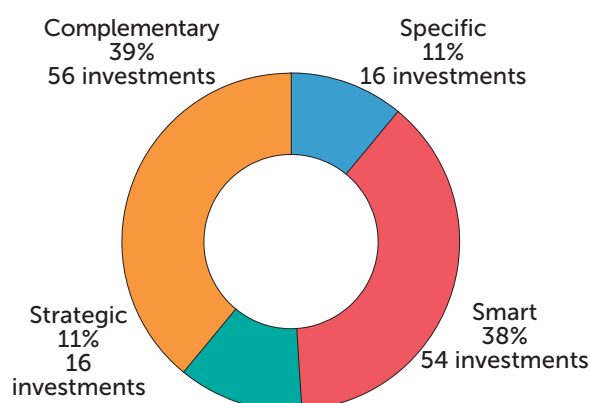


Figure 2.7: LoCAL investments by climate responsiveness, January–December 2023



be modified, changed or adjusted to account for climate change—e.g. climate-proofing of critical infrastructure. A similarly large share (39 percent) was classified as **climate complementary**—actions or interventions which are not specific to climate change but relate to underlying drivers of climate vulnerability. A further 11 percent of interventions were classified as **climate strategic**—actions or interventions which are not particularly distinct from development business as usual, but that may be of greater priority because of climate change. The remaining 11 percent of investments were classified as **climate specific**—interventions which focus specifically and almost exclusively on addressing impacts of climate change.

Snapshots of PBCRG portfolios in selected member countries for implementation during the reporting period follow.

- In [Bangladesh](#), 56 interventions were financed for \$1.03 million, approximately 11 percent of which was provided as co-financing to LoCAL allocations. More than half of the 72 parishads deploying PBCRGs are in coastal areas, and a considerable part of the investments (64 percent) was focused on (i) providing access to drinkable water through climate-resilient water infrastructure able to withstand salinity intrusion, (ii) improved irrigation schemes through re-excavation of canals for better water catchment and/or solar-powered pumps, and (iii) installation of



LoCAL-LoGIC seeks to improve access to safe water in coastal communities like Khulna, Bangladesh. © UNCDF Bangladesh

flood protective and preventive interventions to reduce the high risk of disasters caused by flooding. This includes measures that use a mix of engineering and **nature-based solutions**, such as protection walls combined with reforestation and wetlands preservation for flood prevention. These build on successful results from a partnership with the Bangladesh University of Engineering Technology and the Center for Natural Resource Studies in the previous reporting period. See [Box 2.4](#) for more examples of LoCAL-supported nature-based solutions.

- In **Bhutan**, a bridging PBCRG cycle following the end of EU budget support delivered some \$150,000 to a few *gewogs* to introduce and test new **nature-based adaptation strategies**, mostly to protect critical infrastructure, including water and road infrastructure from extreme and adverse weather conditions.
- In **Burkina Faso**, three interventions focusing on **capacity building in the agriculture sector** were completed in 2023. The interventions

included building the capacity of stakeholders and beneficiaries on sustainable natural resource management and smart agriculture, and sustainable management of the *jardins nutritifs*, respectively. Another eight interventions are ongoing.

- In **The Gambia**, **58 adaptation investments were delivered in 32 wards for a total value of \$1.1 million**. These include solar-powered boreholes, integrated horticulture and community gardens, poultry and animal husbandry and climate-proofed road infrastructure. LoCAL investments implemented through cash-for-work schemes have created some 6,570 full-time-equivalent temporary jobs since inception. In 2023, 24 percent of the jobs were filled by adult women and 75 percent by youth.
- In **Ghana**, six **completed interventions across the Western and Ashanti regions were given to the community** to operate and maintain; these water infrastructure, culverts and bridges were built in the previous reporting period. Community engagement created ownership

Box 2.4: Leveraging nature for increased adaptation outcomes in LoCAL countries

The Paris Agreement calls on all parties to recognize the role of natural ecosystems in providing vital services and goods that respond to both adaptation and mitigation aims. Nature-based solutions (NBS) and sustainable natural resource management (SNRM) can simultaneously help meet the three great interlinked challenges of our time:

- Responding to climate change risks and impacts
- Protecting biodiversity and ecosystems
- Ensuring human well-being and resilience

NBS and SNRM play a vital role in protecting and bolstering ecosystems, whether used separately or in combination. LoCAL has been exploring a more systematic approach to integrating NBS and SNRM in local climate adaptation for increased adaptation outcomes.

[An assessment of LoCAL climate adaptation investments](#) made between January 2020 and May 2023 found that a range of adaptation strategies are being leveraged in 11 LoCAL-implementing countries to address climate change impacts through the conservation and rehabilitation of ecosystems. The analysis showed that almost a third of the investment portfolio included NBS and SNRM. Also, in line with the LoCAL approach of using community consultations to define adaptation interventions, the decision to leverage NBS and SNRM is driven by the participating communities.

- Communities in **Bangladesh** have been testing **nature-based solutions to provide meaningful responses to climate change impacts**. Nature-based rainwater harvesting systems, vetiver plantation for nature-based slope protection, and mangrove and swamp plantation to protect riverbanks from erosion and natural calamities have been implemented in the Khulna, Kurigram and Sunamganj districts.
- **Niger** has over the years implemented several interventions using the half-moon technique as a method for rainwater retention. These small, semicircular ponds help dry and degraded soils



Nature-based experiences from LoCAL were captured in a recent report covering the 2020–2023 period.



hold rainwater longer and are shown to have a positive effect on soil productivity in association with different sources of nutrients.

- In **Bhutan**, communities have used soil bioengineering techniques for slope stabilization and soil conservation using living plant materials (thus promoting natural regeneration of native vegetation) to construct structures that perform an engineering function, such as retaining walls preventing landslides or erosion. This technique sustainably utilizes natural resources and enhances land conservation.
- **Burkina Faso** is in the process of implementing *jardins nutritifs*. These nutrition gardens not only provide communities with non-timber forest products for improved food security and income-generating opportunities, but also support the preservation of natural ecosystems and local biodiversity.
- In **Benin**, the commune of Toukountouna is planning to develop a first-ever community tree plantation in the village of Dahande; the aim is to promote protection and enhancement of biodiversity in the forest-rich area.

LoCAL has shown itself to be an efficient mechanism to strengthen and localize an integrated and coordinated approach to deliver NBS and SNRM at the local level.

of the investments, ensuring sustainable maintenance and use of the infrastructure. The interventions were part of the cash-for-work schemes which combine life skills training and access to finance support.

- In **Lesotho**, **seven water supply infrastructure projects were finalized**, providing improved access to water for about 4,900 people. Main activities in these projects included installation of globe valves and standpipes, erection of spring catchments, construction of silt boxes and stone walls, and excavation of trenches.
- In **Tanzania**, three districts of the Dodoma region (Chamwino, Mpwapwa and Kondo) are being supported to implement approximately **\$150,000 in climate change adaptation investments**, mostly related to water and agricultural measures.

Empowering women and youth for local climate action

By design, LoCAL is a gender-sensitive and inclusive approach to climate change adaptation, as it brings the planning and budgeting process for adaptation closer to the communities—especially those disproportionately affected by climate change effects. While the specific criteria for the PBCRG system vary by country, most designs include specific **gender-sensitive performance measures** to hold local governments accountable for the inclusiveness of their local decision-making processes.

Overall, **PBCRG investments are reported to benefit women and men equally**, as approximately 50 percent of direct beneficiaries are women. Out of 142 investments during the reporting period, almost 4 percent were reported to target women specifically, and women accounted for more than two-thirds of the direct beneficiaries. Initiatives across LoCAL countries have also aimed to ensure greater participation and engagement of youth in local climate action. Examples of how LoCAL promotes inclusiveness across the PBCRG cycle follow.

- **The Gambia and Ghana systematically involve communities** in the realization of PBCRG-funded adaptation and resilience-building interventions through cash-for-work schemes, which have set quotas for the participation of vulnerable groups, especially women and youth. In **The Gambia**, cash-for-work schemes have created 6,570 temporary full-time-equivalent jobs—24 percent filled by adult women and 75 percent by youth—since inception. In **Ghana**, another round of cash-for-work onboarding was finalized at the end of 2023, with 669 expected beneficiaries—75 percent women and 80 percent female youth.
- In **Mozambique**, there have been continuous **improvements in the participation of women, youth and vulnerable groups** with permanent strengthening in the process of identifying and prioritizing climate adaptation investments. A key step in the process includes ensuring scrutiny by four subgroups created from the 50-member district consultative councils: a women’s group, a youth group, a civil society group and a community leaders’ group. Training is conducted for local government technicians to integrate cross-cutting issues such as gender and climate change into planning and budgeting from the perspective of climate change adaptation, along with monitoring of interventions/investments, local governance, and local public financial management.
- **Niger** signed an agreement with UN Women and the United Nations Population Fund enabling three additional local governments to implement LoCAL, increasing the number of beneficiary local governments to 12. The selected communes are using **community contracting** to realize their prioritized adaptation interventions, while promoting the **financial inclusion of migrants and conflict-prone vulnerable groups**. However, the work planned to start in 2023 was postponed due to the coup.

Output 3: Financing mechanism

During the reporting period up to December 2023, **304 local governments were actively participating in LoCAL** (Table 2.4), an increase of 21 compared to the previous year. The majority of participating local authorities—280, or 92 percent—have deployed the PBCRG system over past budgetary cycles.² During the reporting period, \$6.45 million for PBCRG deployment was delivered by LoCAL through agreements to participating governments for locally led adaptation.

Evidence of **progressive institutionalization** (indicator 3.4) of the LoCAL mechanism by participating countries over 2023 follows.

- In **Bangladesh**, LoCAL and LoGIC implementation have contributed to the development of a Local Climate Financing Framework. This framework has been shared with the Local Government Division of the Ministry of Local Government, Rural Development and Co-operatives to **ensure a policy provision for decentralized climate finance** in the revised National Climate Financing Framework. Local governments will subsequently have enhanced capacity to scale up the PBCRG system to all vulnerable *upazilas* in Bangladesh; [Box 2.5](#) provides an example of how the country is putting PBCRGs to use.
- In **Bhutan**, the LoCAL mechanism has been **integrated into the recently formulated and**

² Tuvalu resumed and progressed with LoCAL implementation following a two-year break due to the pandemic. Both Lao PDR and Nepal undertook redesign exercises in 2022 and have relaunched Phase I/II implementation and mobilized partners and governments in 2023. In Mali and Niger, the political context has either fully or partially halted LoCAL implementation. In these cases, the LoCAL Secretariat monitors the situation and continues engagement until implementation can be reactivated.

endorsed NAP as a result-based financing for adaptation through local governments to cover all the country's governments.

- Through its National Committee for Subnational Democratic Development Secretariat, **Cambodia** is engaging in **direct access to international climate finance** to continue PBCRG deployment in current and new local governments.
- The Government of **The Gambia** reiterated its commitment to adaptation to climate change in a National Steering Committee meeting in April 2022, committing to scale up existing resilience-building activities using LoCAL as part of a new government-owned **LoCAL+ action**. The main goal of LoCAL+ is to scale up current Job, Skills and Finance (JSF) activities to 48 wards, expanding to the Upper River and West Coast regions with funding through the Adaptation Fund. To this end, a new government financing agreement was signed in July 2023 to scale up the LoCAL mechanism in The Gambia. In addition, responsibility for LISA has been successfully transferred to the Ministry of Environment, the National Disaster Management Agency and the Gambia Bureau of Statistics.
- **Jamaica's** [Adaptation Communication](#) submitted to UNFCCC in 2022 cites the work the country will pursue in **vertical integration of the NAP process through the LoCAL mechanism**. The document outlines how Jamaica will look to enhance the capacity of its municipal corporations to integrate climate change in development planning and implementation, and to access climate finance, using the LoCAL standard and model.
- In **Malawi**, a **LoCAL implementation manual has been developed** that will be used by key ministries implementing LoCAL-Malawi. Additionally, LoCAL-specific indicators will be embedded in the country's local authority performance assessment manual. These will facilitate full integration of climate-specific indicators into Malawi's overall system of performance-based grants.

Box 2.5: A bridge that became a ray of hope



© UNCDF Bangladesh

Residents of the floodplain sediment islands—or *chars*—of the Bay of Bengal are some of the world’s most vulnerable to the impacts of climate change. The construction of a bridge in Ashabaria Char in southern Bangladesh has transformed the economic viability of this island community, and the prospects of the children who live there by enabling them to walk to school no matter what the season.

Over 7.1 million Bangladeshis were displaced by climate change in 2022—a number that could reach 13.3 million by 2050, according to the [World Health Organization](#) in assessing the situation in this country of around 168 million people. The country’s school dropout rate was over 17 percent in 2021, with more than 2 million children leaving classes as they flee climate disasters for urban slums (Source: [World Economic Forum](#)).

In the village of Ashabaria Char, in the Rangabali *upazila* of Patuakhali district, climate change has made life tough. This secluded village faces a variety of hardships, lacking good roads, cyclone shelters

and markets. Because it is close to the river, it is frequently hit by cyclones, tidal waves, floods and landslides, making it difficult for residents to reach safety during disasters.

Education is also a challenge, as there is no school in the *char*, and the only option is across the Ashabaria Canal. However, transportation is problematic, especially during the rainy season when the only means of crossing is by boat or to swim. The absence of a reliable boat prevented many children from attending school daily. Consequently, the construction of the Ashabaria Bridge, funded by the LoCAL-LoGIC project in 2023, has been a ray of hope for the community.

Since the bridge’s completion, education has flourished in the *char*. Notes Noor Achma, a student, “We used to struggle to attend school during the rainy season, relying on boats from other routes. But now, after the construction of the bridge, many like me are eager to go to school. We can walk to school together. We feel joy that cannot be expressed in words.”



Community and local governments meet to discuss water resource management and maintenance of small irrigation system funded through a PBCRG in Simby, Mali. © Safiatou Diarra/UNCDF Mali

- In **Mozambique**, the LoCAL framework has been recognized as a valuable tool for climate funding, with the president issuing a command to the Ministry of Economy and Finance to take the necessary steps to **institutionalize the mechanism countrywide**. In 2023, LoCAL-Mozambique continued to explore the best opportunities for institutional expansion of LoCAL practices, conditioned on good integration between LoCAL and the allocation of public resources to local governments—a process led by the government, particularly the Ministry of Economy and Finance.
- In **Tunisia**, the Municipal Climate Action Fund (Fonds pour les Actions Climatiques Communales—FACC) has been established to **channel grants for all climate actions at the local government level**. With EU support, the Ministry of Interior and the Ministry of Environment will strengthen 15 communes in implementing adaptation and mitigation actions throughout the country, with an anticipated \$7.65 million delivered directly to these local governments. A preliminary selection of six communes was made in 2023; nine others will be selected in 2024 through a call for expressions of interest.
- In **Zambia**, the NAP finalized in October 2023 emphasizes **vertical integration of the LoCAL mechanism**. This initiative aims to boost climate resilience at the local level by providing performance-based grants for climate adaptation projects, aligned with the goals of the Paris Agreement, the NAP process, and SDG 1 and SDG 13.

Output 4: Outreach, learning and quality assurance

Over the reporting period, efforts were devoted to working with member countries for greater recognition of the LoCAL mechanism as an initiative to support achievement of the [LDC 2050 Vision](#) and the Paris Agreement.

Notably, LDCs have set out an agenda for change with the adoption of the [Doha Programme of Action](#), which lays out six internationally agreed-upon priorities for addressing the needs of the world's poorest communities. This LDC-led plan recognizes the importance of resilience building in developing countries and **identifies LoCAL as a vehicle for supporting implementation of countries' adaptation to climate change.**

Following the UN General Assembly's approval of the Doha Programme of Action in March 2022, continued engagement was reaffirmed during the Fifth United Nations Conference on the Least Developed Countries (LDC5) in March 2023, where LoCAL-implementing countries led a **high-level event to highlight practical solutions** for accessing climate finance, coalesce support and drive action on the Doha Programme of Action.

UNFCCC bodies

LoCAL has gained progressively greater recognition by UNFCCC and its constituted bodies as a mechanism to finance and advance subnational adaptation.

- UNCDF is an **active member of the LDC Expert Group/NAP Technical Working Group**. In this capacity, it supports mobilization and collaboration with relevant organizations to enhance and coordinate technical guidance and support on NAPs for the LDCs—focusing on the contribution of the local level to national climate goals and on bridging the

national with subnational adaptation plans and actions (vertical integration).

- As a non-party stakeholder, UNCDF continued its **engagement with the UNFCCC's Adaptation Committee and Standing Committee on Finance**. LoCAL has been increasingly referenced by several UNFCCC bodies and reports, including the following documents issued in the report's reference period:
 - The UNFCCC [report of the 44th meeting](#) of the Least Developed Countries Expert Group references LoCAL and its provision of assistance to LDCs in **integrating the process to formulate and implement NAPs** into planning and budgeting systems at the local government level.
 - In May 2023, the synthesis of submissions on the focus area of the Paris Committee on Capacity Building support for adaptation, with a focus on addressing gaps and needs related to formulating and implementing NAPs, referenced LoCAL with regard to climate science, climate finance, implementation, monitoring and evaluation, and reporting.

Throughout 2023, UNCDF made several submissions through LoCAL to UNFCCC committees and to mandated calls for submissions, as summarized below:

- **Submission to the [Paris Committee on Capacity-building](#)**. UNCDF shared its LoCAL experience and views on capacity-building support for local adaptation, with a focus on addressing gaps and needs related to formulating and implementing subnational adaptation plans aligned with NAPs and how LoCAL addresses such efforts through its performance-based climate resilience system.
- **Submission of inputs to the first [Global Stocktake](#)**. UNCDF's submission was informed by LoCAL experience and lessons learned in advancing local adaptation, with a focus

on the adaptation component of the Global Stocktake.

- **Submission of inputs to the 6th Technical Expert Dialogue under the Ad hoc Work Programme on the [New Collective Quantified Goal on Climate Finance](#).** The UNCDF submission emphasized LoCAL experience regarding the mobilization and provision of financial resources for local adaptation, highlighting contributors, sources and integration in line with Article 2, paragraph 1 (c) of the Paris Agreement.
- **Submission of inputs to the 5th workshop on the Glasgow–Sharm el-Sheikh work programme on the [global goal of adaptation on specific thematic areas](#).** The LoCAL submission provides inputs to a discussion of transformational adaptation, and the contributions of different government levels to ambitious adaptation action in accordance with NAPs and NDCs. The submission provides information and country examples of how LoCAL contributes to transformational adaptation at the local and community levels.
- **Submission to the [Transitional Committee on the operationalization of new funding arrangements for responding to loss and damage](#).** The submission highlights LoCAL’s support to developing countries, in particular LDCs and SIDS, on early interventions to address loss and damage when formulating and implementing appropriate national/local adaptation plans and identifying LoCAL as one of the delivery mechanisms for the Loss and Damage Fund.

UNFCCC and related events

- At the **Africa Climate Week** in September 2023, UNCDF was invited to speak about LoCAL at two events on the need for cohesive and inclusive climate actions in Africa to enhance livelihood sustainability and resilience. UNCDF was also invited to join the panel on Strengthening National Capacities for Climate Change Adaptation in the region hosted by UN4NAPs.
- In March 2023, UNCDF held a side event at the **3rd Gobeshona Global Conference: Monitoring Locally-Led Adaptation**. The event featured LoCAL implementers from [The Gambia](#) and [Mozambique](#), with local government representatives sharing their views on how LoCAL is advancing and promoting grassroots adaptation with communities.
- As part of **LDC5** held in March 2023 in Doha, Qatar, UNCDF hosted a high-level side event on Practical Solutions for Enhancing Access to Climate Finance in Support of the New Programme of Action for the LDCs, with ministers of environment from [Bhutan](#), [The Gambia](#), [Liberia](#) and [Tuvalu](#). The event looked at how LoCAL is contributing to LDC targets and opportunities for scale-up; it also highlighted new online training and the recently launched ISO 14093 (discussed [below](#)) as further opportunities for scalable action.
- In August 2023, UNCDF organized an event on **Scaling up Support for Implementation of Transformational Adaptation Action at the Local Level in the Asia Pacific Region: Experience and Lessons from the LoCAL Facility**, as part of the Korea Climate Week and Regional NAP Expo For Asia and the Pacific. The event was co-organized by the Governments of [Vanuatu](#) and [Cambodia](#) as well as the Asian Development Bank, the United Nations Development Programme (UNDP) and UN Women.
- At **Climate Week NYC** in September 2023, UNCDF hosted ministers and high-level representatives from [Bhutan](#), [The Gambia](#) and [Liberia](#) for an event at UNCDF headquarters organized on the sidelines of the ongoing UN General Assembly. At the event, ministers launched a Ministerial Declaration calling for “simplified” and “consistent” access to climate finance and the establishment of a consolidated funding modality for LoCAL. They said this would enable them to federate and thereby sequence climate finance for scaling up locally led adaptation

actions in their countries—and many others—where LoCAL is being implemented. The 23 countries signing the declaration were [Bangladesh](#), [Benin](#), [Bhutan](#), [Burkina Faso](#), [Cambodia](#), [Côte d’Ivoire](#), [Equatorial Guinea](#), [Fiji](#), [The Gambia](#), [Ghana](#), [Guinea-Bissau](#), [Guinea](#), [Jamaica](#), [Lesotho](#), [Liberia](#), [Madagascar](#), [Malawi](#), [Mali](#), [Mozambique](#), [Niger](#), [São Tomé and Príncipe](#), [Somalia](#) and [Uganda](#). The declaration was presented at COP28 and gathered additional support—from [Senegal](#) and [Tanzania](#)—taking the total number of signatory countries to 25.

- In November 2023, as part of UNFCCC’s **Asia Pacific Climate Week** hosted by the Government of Malaysia, UNCDF, in partnership with UNDP, ICIMOD, Asian Pacific partner governments and Sweden, organized a side event on enhancing multilevel governance of climate finance to accelerate inclusive climate resilience in the Asia Pacific region.
- Representatives from [Benin](#) and [Lesotho](#), as well as from the LoCAL Secretariat, were invited by the KDI School of Public Policy and Management, the Asian Development Bank, and the African Development Bank to share their experiences on LoCAL during the **International Seminar on Management for Development Results Unified Diversity for Restoration: Collaborative Local Efforts for Climate Change**, held in November 2023 in Seoul. The seminar explored innovative endeavours undertaken by subnational or local governments in addressing climate change, showcasing the LoCAL experience as a good practice for replication.

LoCAL at COP28

At COP28 in Dubai in late 2023, UNCDF and LoCAL-implementing countries engaged with partners and participants to politically elevate the need for accelerated funding for adaptation benefiting the world’s most-vulnerable people.

Building on previous successes at COP26 and COP27, UNCDF organized or co-organized

nine LoCAL-themed side events. Additionally, UNCDF teams working on LoCAL and LoCAL-implementing country representatives participated as panellists or speakers at an additional 15 events. LoCAL-related highlights from COP28 follow.

- UNCDF, the United Nations Office for Disaster Risk Reduction (UNDRR), the United Nations University and the UN Joint SDG Fund co-hosted an official COP28 **side event on Minimizing and Addressing Loss and Damage with Locally Led Adaptation and Risk-Transfer Financing solutions**. The session explored and showcased how innovative country-based delivery mechanisms and financing solutions for locally led adaptation action—combined with evidence-based risk transfer financing instruments delivered at the last mile through digital tools—can be used to minimize and address communities’ climate change-related losses and damages in the world’s most climate-vulnerable countries, particularly LDCs, SIDS and African nations.
- UNCDF organized and hosted the high-level event **Scaling up Nordic Adaptation Results with LoCAL** at the Nordic Pavilion (see photo on next page) with ministerial representatives from [Jamaica](#) and [Ghana](#), joined by the Director General of Sida, and a youth activist from [Uganda](#).
- Six ministers from LoCAL-implementing countries witnessed [Senegal](#)’s Alioune Ndoye become the latest government minister to sign a **25-country declaration** (see photo [page 2](#)) calling for “simplified” and “consistent” access to climate finance and the establishment of a consolidated funding modality for LoCAL. This UNCDF-organized event took place at the LDC Pavilion.

LoCAL annual events

LoCAL country representatives and partners met in Brussels 8–12 May 2023 for a series of technical, high-level events that outlined the strategic path for LoCAL for the coming year.



COP28 event on Nordic finance for LoCAL adaptation. © Andreas Omvik

- On 8–9 May, some 60 climate negotiators and UNFCCC focal points from LoCAL countries gathered for a workshop facilitated by United Nations Institute for Training and Research (UNITAR) on **Navigating and Engaging the Climate Finance Architecture under UNFCCC**. The workshop sought to reinforce LoCAL countries' understanding of the climate finance architecture under UNFCCC, UNFCCC decisions, UNFCCC bodies relevant to the climate finance agenda, and the governance of UNFCCC financial mechanisms such as GCF and the Adaptation Fund.
- On 10 May, a dialogue was held on **Scaling up Financing for Local Adaptation and Resilience through PBCRG Systems**. Representatives from the then-34 LoCAL countries, policymakers, practitioners and development partners—including EU representatives, international organizations, civil society organizations and academics—explored various pathways and financing models available to support locally led adaptation actions.
- The **10th Annual LoCAL Board Meeting** was held on 11 May, and brought together almost

140 participants to define shared adaptation priorities for LoCAL countries for the coming year as they respond to the impacts of climate change using PBCRGs. Participants included representatives from LoCAL current and candidate countries and high-ranking partner representatives, including from the EU and Member States, notably Belgium, Denmark and Germany. The Board was co-chaired by the Global Coordinator of the UN LDC Group in New York (a position currently held by the **Malawi** Ambassador to the UN) and the Chair of the LDC Group at UNFCCC (currently chaired by **Senegal**), assisted by UNCDF's Director of Local Transformative Finance.

In line with previous meetings' endorsements, the Board **reiterated the need to establish modalities to secure long-term and stable financing for LoCAL**. Referencing the decision that endorsed the extension of LoCAL to 42 countries with resources of \$500 million by 2027, the Board further requested UNCDF to work with development partners to diversify options for financing LoCAL and to develop appropriate legal, financial and administrative



The LoCAL Board in Brussels, organized by UNCDF, where representatives from LoCAL-implementing countries gathered to identify priorities for the coming implementation year. © UNCDF LoCAL

arrangements, including governance of the secretariat by the Board.

- The **third LoCAL Ministerial Meeting** was held on 12 May, with 19 ministers and deputy ministers of environment and 5 appointed high-level officials from LoCAL countries in attendance. The meeting marked a renewed collective political commitment from LoCAL countries to further international recognition of the Facility and to call for more climate finance for transformational adaptation in the world's most affected countries. Ministers called for strengthening LoCAL and for the establishment of a consolidated funding instrument that can support countries from Phase I through Phase III—coherent with

and complementarity to UNFCCC financial mechanisms. The ministers invited LoCAL partners to continue supporting the LoCAL mechanism and Facility to mobilize and deploy resources for the continued support of LDCs, SIDS and African states. A ministerial declaration was agreed on during the meeting; was launched in the second half of 2023.

At the ministerial meeting, Seve Paeniu, Minister of Finance of **Tuvalu**, was welcomed as a new LoCAL Ambassador, bringing the total of ministerial ambassadors to 11. He joins this network of LoCAL champions alongside counterparts from **Benin, Burkina Faso, Cambodia, The Gambia, Ghana, Jamaica, Malawi, Mali, Mozambique** and **Niger**. Wilson K. Tarpeh, Minister of Environment of **Liberia**, also volunteered to become a LoCAL Ambassador during the event.

“

THE FINANCE TO AT LEAST BUILD THE MINIMUM

RESILIENCE SHOULD BE AVAILABLE. MY TAKE AS A MINISTER AND AS A LOCAL AMBASSADOR IS THAT

THIS DECISION THAT WE HAVE ALL SIGNED

IS COMPLETELY FITTING WITH THE NEEDS LAID OUT IN THE LATEST IPCC

REPORTS. —*Rohey John-Manjang, Minister*

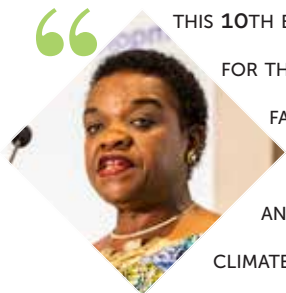
of Environment, Climate Change and Natural

Resources, The Gambia

LoCAL, an international ISO standard



As a worldwide federation of more than 160 national standards bodies, ISO publishes globally recognized guidelines and frameworks based on a rigorous development and approval process.



“ THIS 10TH BOARD MEETING IS A MILESTONE EVENT FOR THE LOCAL CLIMATE ADAPTIVE LIVING FACILITY. WE HAVE A FULL DECADE OF SHARED EXPERIENCE UNDER OUR BELTS AND A TRULY GLOBAL MECHANISM FOR CLIMATE FINANCE DELIVERY IN PLACE. —Agnes

*Mary Chimbiri Molande, Co-chair, LoCAL Board;
Global Coordinator of the Bureau for the LDC Group;
and Ambassador Extraordinary and Plenipotentiary
Permanent Representative of the Republic of Malawi
to the UN*

These standards are built around consensus and are essential tools to help governments, industry and consumers contribute to the achievement of the SDGs.

In 2019, UNCDF initiated a process to develop LoCAL into an ISO international standard. After an intensive and exacting multi-year, multi-partner effort, ISO officially launched **ISO 14093: Mechanism for financing local adaptation to climate change—performance-based climate resilience grants** at COP27. The standard is aimed at organizations seeking to implement a country-based mechanism for channelling climate finance to local governments. These may include national and subnational authorities, donors, companies, financial institutions and international organizations.

Throughout 2023, UNCDF developed the operational framework for the ISO 14093 standards and with a view to rolling it out in 2024 in current and prospective LoCAL countries.

Creating knowledge and sharing experiences

To maximize synergies and resources, UNCDF collaborates to promote and promulgate LoCAL at the global, regional and country levels with a variety of organizations with expertise in local governance, development and climate change.

- At the **global level**, UNCDF continues a strategic partnership with **UNITAR** to develop course modules and curricula related to LoCAL. Following the LoCAL e-tutorial (live on [UNCC:e-Learn](#)) and an extensive four-module training programme on the LoCAL mechanism for practitioners, UNITAR and UNCDF continue to collaborate on developing **workshop content for climate negotiators from LDCs and developing countries** to strengthen negotiation skills and awareness of UNFCCC-led processes. Following content on Article 6.8 and NMAs (see [Box 2.6](#)), UNCDF and UNITAR are working on climate finance modules to elevate LDC and developing country voices at core negotiation tables in discussing financing commitments, modalities of deployment and new official vehicles.
- The **World Resources Institute and UNCDF continue to collaborate on research evaluations** in mature and semi-mature LoCAL countries to assess the likely impact of the mechanism and the role of local governments in locally led adaptation. Experiences from [Cambodia](#), [Lesotho](#) and [Niger](#) were highlighted as examples to show that climate finance, through the LoCAL mechanism, can be delivered to the local level and place local governments at the forefront of global climate action. The assessments provide qualitative evaluation information on LoCAL’s effectiveness in advancing locally led adaptation. Key findings will feed into current and future LoCAL designs.
- As LoCAL is expanded into the southern Mediterranean area, UNCDF has engaged with the **Union for the Mediterranean**, especially its Climate Change Expert Group, which acts as a platform to facilitate and promote regional dialogue and cooperation on climate change–related issues in the area.
- UNCDF has been building a closer relationship with **UNDRR on the climate change adaptation–disaster risk reduction nexus** to address risk management comprehensively in target countries. UNCDF, on behalf of LoCAL, was invited to make a presentation at the

Box 2.6: Boosting recognition of LoCAL as an existing non-market approach

By being officially recognized as an NMA within the UNFCCC's financial architecture, LoCAL has the potential to accelerate implementation of NDC-aligned climate action at the local level—where it is most needed and where climate finance is barely reaching—while increasing donor confidence and trust. LoCAL offers a readily available and tried NMA that enables the transfer of financial and technology resources, and capacity building from developed countries to developing countries as well as through South-South cooperation—in particular to LDCs, SIDS and African countries, which are among the most vulnerable to climate change impacts. As an NMA, LoCAL would enable them to accomplish their international commitments under the Paris Agreement in relation to, for instance, provision of finance, technology and capacity-building support.

At the 58th session of the subsidiary bodies (SB58), UNCDF was given the opportunity to present LoCAL's experience and approach during an in-session workshop on NMAs. During the reporting period, LoCAL-implementing countries continued to advocate for LoCAL to be referenced as a prospective NMA in the context of the framework for NMA mechanism, with [Cambodia](#), [Côte d'Ivoire](#), [The Gambia](#) and [Ghana](#) all having made submissions to the UNFCCC Secretariat for LoCAL to be recognized as an existing NMA. The Government of [Kenya](#), the African Group of Negotiators and the LDC Group similarly referenced LoCAL in their submissions, resulting in the [LoCAL mechanism being listed as one of the most commonly cited non-market approaches](#) by the synthesis report prepared by the Secretariat.

Comprehensive Risk Management Workshop in [Uganda](#) held by UNDRR. The expected outcome for the regional workshop was to build a roadmap for joint implementation of disaster risk reduction strategies and NAPs

promoting the prevention of, and addressing vulnerabilities to, climate hazards.

Relatedly, as LoCAL-[Uganda](#) is expanded to more districts, programmatic synergies with districts engaged in early and anticipatory actions will continue to be sought. LoCAL PBCRGs have already financed on-the-ground disaster risk reduction-related investments as part of locally led climate resilience and preventive strategies, especially in natural disaster-prone areas.

- In Asia, UNCDF and UNDP have long been partners under the LoGIC programme in [Bangladesh](#). More recently, UNCDF and UNDP developed a joint regional initiative with Sweden—**Strengthening the Governance of Climate Finance to Promote Inclusive Climate Resilience in Asia Pacific**—in five Asia-Pacific LDCs, complementing existing coordination work with the UNDP Governance for Resilience Programme.

Through LoCAL, UNCDF is exploring new approaches towards **leveraging the PBCRG and its tools for greater adoption of nature-based solutions and ecosystem-based adaptation** throughout its portfolio. An assessment of completed interventions implemented between January 2020 and May 2023 found that nature-based solutions are being leveraged in [Bangladesh](#), [Bhutan](#), [Cambodia](#), [The Gambia](#), [Ghana](#), [Mali](#) and [Niger](#) (see [Box 2.5](#)). The analysis showed that almost a third of the investment portfolio included nature-based solutions and sustainable natural resource management.

As it gains best practices and experiences across continents, **LoCAL is increasingly referenced in thematic publications**, particularly those addressing issues of climate resilience, climate finance and mechanisms for effective climate action in the global South.

Notably, LoCAL was referenced by the **NAP Global Network** in its synthesis report [Progress on Vertical Integration in National Adaptation Plan Processes](#) as a mechanism that provides

financing to the subnational level. The report highlights **Benin**'s progress on the NAP process and its government-approved, UNCDF-supported (through LoCAL) GCF project which secured \$9.9 million for local-level adaptation. The report provides an analysis of strategic linkages between the national and subnational levels.

UNCDF completed several **communication and knowledge management initiatives** aimed at developing and sharing LoCAL knowledge and experiences, both among LoCAL participants and to the broader development and climate change communities.

- LoCAL **communication and knowledge materials** are available from the [UNCDF/LoCAL website](#) and illustrate LoCAL outreach and impacts. These materials include updates to the LoCAL brochure, the LoCAL promotional video and LoCAL infographics, with a strong

focus on capturing impact at the community level.

- In 2023, **48 articles and success stories** were produced and disseminated through the UNCDF/LoCAL and UNCDF websites. Many of these articles have been picked up and reproduced in national newspapers, regional news-gathering sites like [AllAfrica.com](#), as well as on partner websites and newsletters ([NDC Partnership](#), African Development Bank etc.).
- **Some 127 videos and numerous social media shorts** were produced and released in 2023. Following the communication strategy, the videos underlined community engagement and showcased LoCAL results. Many countries were covered following knowledge management missions (**Bhutan**: 18 videos, **Benin**: 11 videos, **The Gambia**: 29 videos) national events and actions (**Bangladesh**: 2 videos, **Ghana**: 4 videos, **Mozambique**: 6 videos). Footage collected also contributed to the production of 57 videos used to promote



Half-moon water retention technique being implemented in Sokorbe, Niger. © Nasser Alqatami/UNCDF Niger

LoCAL during global and regional events (the LoCAL Board Meeting, Climate Week NYC, COP28). The videos are uploaded directly to a new LoCAL playlist on the UNCDF YouTube channel, relayed on the UNCDF LoCAL subaccounts on X and LinkedIn, and stored in a sharepoint media archive.

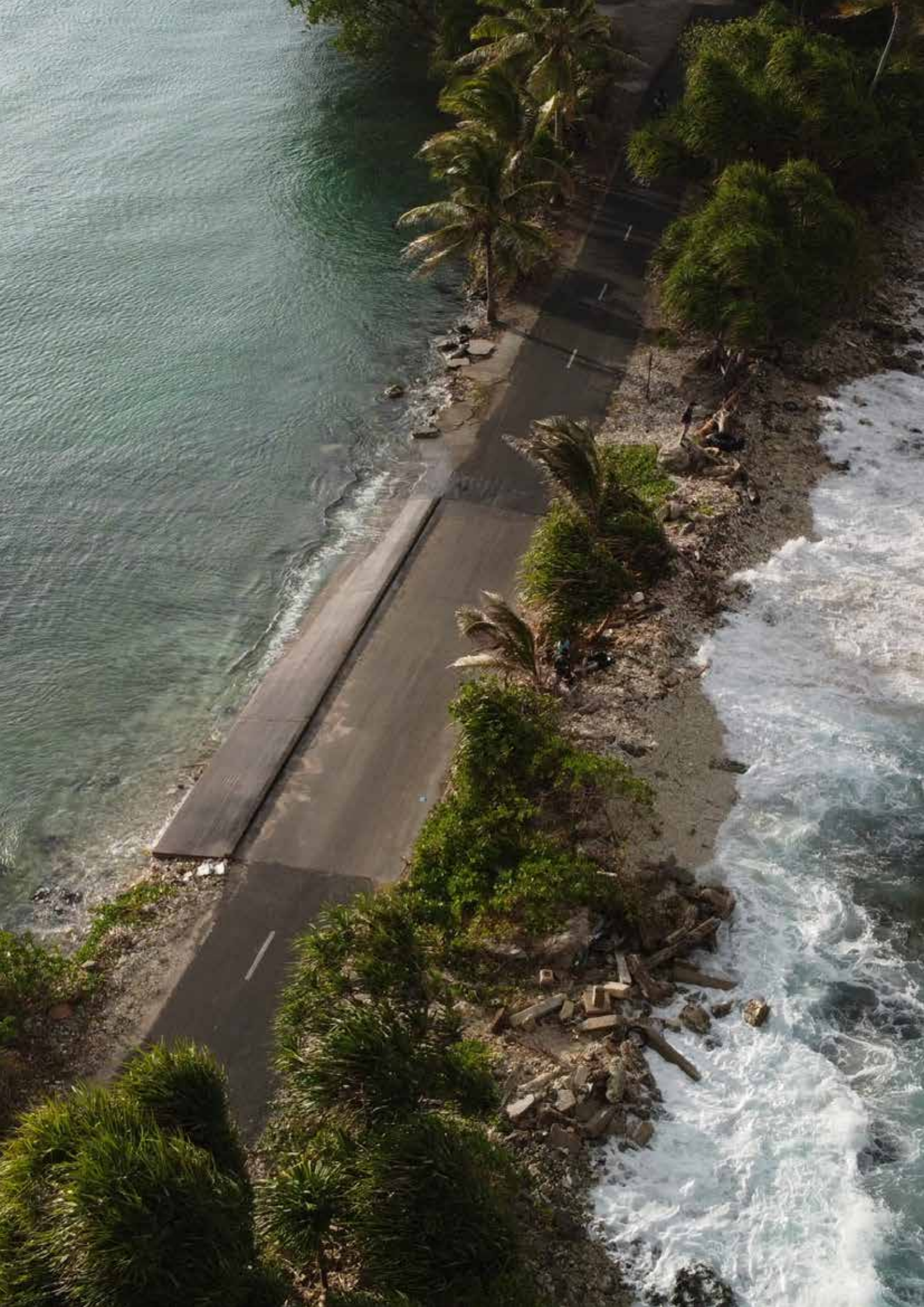
- A **new LinkedIn account**, established in October 2023 and linked to the official UNCDF account, has quickly gathered a sizeable and active audience of some 1,200 followers. This page replaces the previous LinkedIn account,

which was not linked to the UNCDF page. As a result of changes at Twitter—now X—the rate of increase in followers slowed, with 250 new followers over the reporting period.

Table 2.5: Progress to December 2023 on the LoCAL Results and Resource Framework

Results chain component	Indicator	Baseline (2017)	Reporting period status (2023)	Target (2027)
Overall objective: Impact: To promote climate-resilient communities and local economies by increasing investment in climate change adaptation at the local level in target countries, thereby contributing to the achievement of SDG 1 and SDG 13	Number of direct and indirect beneficiaries (disaggregated by sex)	5.5 million (50% women)	18.04 million (50% women)	26.5 million (50% women)
Specific objectives				
Increase local authorities' access to climate finance to implement climate change adaptation investments in target countries	Number of local authorities using the PBCRGs*	55	280	404, including for Phase III
Establish a standard and internationally recognized country-based mechanism to channel climate adaptation finance and increase local resilience through PBCRGs	Volume of international climate finance channelled through UNCDF-designed PBCRG mechanism (disaggregated by source)	\$11.54 million	\$223.2 million	\$500 million
	Number of participating countries by phase*	13 design/ scoping 8 Phase I 4 Phase II 1 Phase III	18 design/ scoping 11 Phase I 5 Phase II 4 Phase III	2 design/ scoping 10 Phase I 9 Phase II 12 Phase III
Outputs				
R.1 Awareness and capacities to respond to climate change adaptation are increased in targeted local government areas and communities in participating countries	Number and percentage of participating local authorities meeting the minimum conditions without need for corrective action	Not applicable	94%	67% of local governments at at least 2nd cycle of PBCRG deployment
R.2 Climate change adaptation is integrated into targeted local authorities' plans and budgets and climate change adaptation interventions and investments are implemented in line with the PBCRG system	Number of climate interventions and investments implemented under the PBCRG system (disaggregated by type, sector and ecosystem)	575 over 2011–2017	2,236*	4,963*
R.3 The PBCRG system is effectively piloted (Phase I) and/or established (Phase II/III) in participating countries and integrate gender, participation and environmental sustainability	Amount of grants (PBCRG and capacity-building grants) disbursed to participating countries and local authorities annually	\$5.63 million	\$20.1 million	\$118 million
R.4 The role of local authorities in addressing climate change is increasingly recognized at the global level and the mechanism becomes a standard internationally recognized country-based mechanism, through outreach and quality assurance	Number of high-level initiatives actively attended or organized by LoCAL and participating countries on local climate finance and adaptation	3	8 (75*)	+8 per year (94*)
	Number of countries gaining GCF accreditation for the mechanism*	0	3	7

Note: * = cumulative amount; figures from previous years (with baseline as per programme document) added to the current reference year.



SECTION 3

Way forward

Experience and learning continue to accrue across participating countries as LoCAL progresses through its second period of global expansion, complementing and supplementing lessons gleaned from the first period of global expansion (2014–2018). Further, a UNCDF global evaluation of the LoCAL mechanism was conducted and finalized in 2023, the findings of which contribute to the way forward (see [Box 3.1](#)). The lessons learned and expertise developed are critical in meeting the challenges ahead, as UNCDF seeks to address growing demand for LoCAL deployment in new countries while maintaining and strengthening a standard mechanism across all current LoCAL countries. This section looks at some of these challenges and lessons, and describes next steps going forward.

Challenges

LoCAL implementation has revealed some common challenges.

- **Increased demand from new candidate countries and exponential growth in local governments in countries transitioning between phases require increased capacity in terms of both human and financial resources.** Consistency and predictability in climate finance deployment remain key to ensuring

positive impacts are felt on the ground, while capacities are progressively built for climate resilience mainstreaming at the local level.

- **Sequencing of funding remains a challenge for LoCAL countries, especially those not benefiting from dedicated funding envelopes.** UNCDF will, through LoCAL, continue to engage systematically with donors and the international climate finance community to pursue its resource mobilization targets. In this regard, the global evaluation recommends establishing a more effective funding structure, such as aligning and adopting a single reporting mechanism or system for all donors, akin to the World Bank’s Trust Fund model, to streamline and improve reporting efficiency.
- **In several instances while expanding and consolidating in countries with volatile political contexts, the LoCAL mechanism had to pause scoping or design work, grant deployment and/or implementation.** In these contexts, flexible implementation arrangements in PBCRG deployment and operationalization are essential. These arrangements ensure that vulnerable communities can still access the support and funding they need to enhance climate resilience. LoCAL’s success relies on working closely with partners to identify the best solutions to adjust to countries’ specific

Box 3.1: UNCDF's global evaluation of the LoCAL mechanism

UNCDF conducted a [comprehensive global evaluation](#) of the LoCAL mechanism, which was finalized in 2023. Key findings highlighted LoCAL's notable achievements as well as underscoring the challenges of accessing climate finance in the current global economic climate. It emphasized the importance of continued advocacy for increased funding for climate action and notably, adaptation. Recommendations included prioritizing strategic engagement with donors and global climate platforms and advocating for innovative fiscal instruments to support locally led adaptation. The document also laid out a series of lessons learned and strategic and operational recommendations. These insights will inform the strategic direction for LoCAL, leveraging realized successes to maximize impact and scalability in the future.

Lessons learned

- LoCAL is an impressive initiative built around a well-engineered mechanism for devolved planning and financing for adaptive climate investments at the local government level, leveraging countries' fiscal transfer systems.
- The breadth of country coverage ensures LoCAL has an extensive global footprint, enabling demonstration of the relevance and applicability of the LoCAL mechanism in multiple developing country contexts, particularly in least developed countries.
- LoCAL's success and mainstreaming depend on the maturity level of devolution and political economy factors at the country level.
- Linking investment menus with national and local government priorities fosters ownership and resilience.
- Balancing geographical expansion with policy engagement is crucial for effective impact.
- Adopting a balanced approach across rural and urban sectors enables access to a wider funding pool and addresses urbanization challenges.

- Establishing clear success criteria for programme maturity and transitioning phases facilitates planning and policy actions.

Strategic recommendations

- Develop a multipronged strategy for accessing climate funding to maintain LoCAL's achievements and advocate for increased global funding for adaptation.
- Strengthen policy engagement at the national level and support local climate fiscal frameworks and public financial management reforms.
- Build a strong evidence base on the results and benefits of LoCAL to leverage donor funding for scale-up and mainstreaming.
- Utilize LoCAL's ISO certification to increase investor confidence and establish legitimacy, facilitating investment in Phase III countries.
- Explore opportunities to support climate adaptation in urban areas, utilizing local government revenues for funding.
- Maintain a balanced portfolio of countries to showcase success and address challenges in mainstreaming.
- Define clear success criteria for programme maturity phases and consider a twin-track approach to implementation based on countries' capacity levels.

Operational recommendations

- Enhance investment value per infrastructure to maximize climate resilience.
- Increase core and country-level team sizes to support programme oversight and engagement.
- Promote joint approaches with UN agencies at the country level to leverage expertise and resources effectively.
- Strengthen monitoring and validation processes to ensure accountability and impact.

circumstances and pursue their unique adaptation goals. As the nexus between climate and security deepens in fragile countries where LoCAL is implemented, integrated approaches addressing concomitant resilience-building issues will be further pursued and tested.

- **Absent or low capacity of local government staff is observed across all LoCAL countries, albeit with some variation.** This deficiency—whether in climate change awareness, climate change adaptation mainstreaming, public financial management or investment management—has implications for the effectiveness and promotion of resilience in communities and local economies. As noted by the global evaluation, maintaining a balance between the funds dedicated to capacity-building support and technical assistance and grants for investments is critical, especially in Phases I and II. UNCDF will continue to raise funds and advocate for much-needed soft support in terms of capacity and technical assistance and climate data and science-based planning and programming in its engagement with donors and technical partners globally and in-country.
- **In line with locally led adaptation principles, LoCAL incorporates both scientific and indigenous/local knowledge in its inclusive implementation processes.** Harmonizing these two sets of knowledge can pose challenges in a specific context, especially in translating scientific climate risk assessments into user-friendly climate information. While scientific knowledge offers data-driven insights, indigenous and local knowledge provides context-specific understanding deeply rooted in community experiences. LoCAL creates spaces for these knowledge systems to intersect and complement each other. Promoting their use at different stages requires inclusive dialogue and sensitivity to context. By leveraging the strengths of both, LoCAL empowers communities to develop

holistic and effective climate adaptation strategies.

Lessons learned

Building on earlier work, the following summarizes lessons learned during the reporting period.

- **The involvement and participation of local communities and vulnerable groups in adaptation can be boosted along the PBCRG deployment cycle.** A series of new gender assessments were undertaken in 2023 in [Bangladesh](#), [Cambodia](#), [Chad](#), [Fiji](#), [Nepal](#), [Solomon Islands](#), [Tuvalu](#) and [Vanuatu](#). These assessments helped identify those most vulnerable to climate change, with special attention to women, the poor and other marginalized groups who lead especially difficult lives. Informed by the assessments and gender action plans, gender issues are continuously addressed and gender-relevant tools are developed and integrated into the LoCAL mechanism, such as:
 - Including gender indicators in the performance measures which inform subsequent grant allocations and reward the best-performing local governments
 - Addressing the specific vulnerabilities of women and other groups through climate risk and vulnerability assessments
 - Identifying needs and priorities of vulnerable groups through planning and reporting related to application of the ACCAF tool.
- **Climate change can act as a risk multiplier in already fragile contexts.** By contributing to building climate-resilient communities and economies in some of the world's most fragile contexts and working closely with local administrations to do so, LoCAL offers a viable approach to addressing concomitant resilience-threatening issues—including insecurity, public mistrust and disengagement

and marginalization of most-vulnerable groups. In Sahel countries, UNCDF, with support from the UN Peacebuilding Fund, is partnering with other UN agencies to pilot and consolidate integrated approaches in conflict-sensitive and migration-prone areas by investing in climate-sensitive sectors and creating better livelihoods for local communities through LoCAL.

For example, in [Niger](#), the Food and Agriculture Organization of the United Nations (FAO), UNCDF, and the Nigerian non-governmental organization Action Pour le Bien-Être have jointly developed and submitted a project to the Peacebuilding Fund. The project aims to **empower local authorities and communities—especially women and youth—to address climate risks, prevent conflicts, and promote equitable access to natural resources**. Through inclusive governance, it seeks to enhance women’s and youth’s involvement in climate adaptation and conflict resolution related to resource access. Approved in 2023, the \$3.3 million project will benefit 25 villages across five municipalities in Niger’s northern regions of Zinder and Maradi.

- **To increase country ownership and overall international recognition, LoCAL needs strong political anchorage.** Since LoCAL’s inception, UNCDF has worked closely with ministries and agencies dealing with climate change, decentralization and finance to ensure effective coordination and buy-in from key central-level stakeholders. The partnership across government ministries, departments and agencies is proving essential. In particular, **ministries of finance** are increasingly taking a leading role in LoCAL implementation, unifying partner efforts in using country systems for channelling climate finance for locally led adaptation, or promoting transparency, accountability and reporting among others.

As a de facto public programme, LoCAL devolves strategic guidance and supervision

responsibilities to a **LoCAL technical committee**, which brings together other sectoral ministries and directorates to ensure a shared trajectory on local resilience building through LoCAL.

At the regional and global levels, UNCDF and LoCAL countries have together built a **solid network of like-minded high-level country representatives** to further push for change within the international climate finance architecture and in climate negotiation rooms.

- **Climate data remain the backbone of informed decision-making and effective adaptation.** Localized climate data help empower local governments and communities to act with full awareness. UNCDF’s ongoing work through LoCAL on climate risk assessments creates useful resources to advance understanding of climate trends and to properly factor climate and environmental risks into local decision-making. Systematizing this support across countries is imperative in preparing the ground for PBCRG deployment; appropriate resources and time should be allocated to this effort.
- **As governments roll out climate budget tagging systems to monitor and track climate-related budgets and expenditures, ACCAF offers a proven methodology to track adaptation spending, outputs and outcomes in an aggregable manner.** Such a tool can help central governments in operationalizing their climate budget tagging, thereby accounting for subnational climate finance and enhancing transparency at country and global level.
- **LoCAL standards must be applied consistently.** This provides all countries developing and implementing the mechanism with a solid and trusted foundation for mobilizing and channelling climate finance at the subnational level and advancing local climate action. Building on earlier guidelines and the training programme developed in partnership with UNITAR, tools developed to further operationalize the ISO standard go

a long way towards ensuring consistency and accountability. Quality assurance and technical support are critical to ensuring alignment with internationally recognized best practices on local adaptation finance as moved forward by the LoCAL approach.

- **The design phase is crucial in ensuring the sustainability of the LoCAL phased approach.**

Countries transitioning between phases often face difficulties in accessing regular and predictable climate finance. The design stage provides an important opportunity to plan at the outset for phase transitions from piloting to scale-up—particularly to ensure that funding is secured so the LoCAL mechanism can move smoothly and uninterruptedly from pilot to consolidation to national roll-out. This approach is especially relevant for candidate countries, as demand exceeds LoCAL’s current global financing capacity. Beginning at the design phase, the LoCAL country team works closely with government counterparts to advance PBCRG take-up as a country-owned mechanism for subnational climate finance and mobilize resources through national and international climate funds as well as from bilateral funders.

What’s next

Supporting countries to initiate and sustain LoCAL through the phased approach

LoCAL experience has shed light on the importance of subnational adaptation and of bridging national with subnational adaptation efforts; it has also highlighted the contribution of the local level to national climate change plans and goals such as NDCs and NAPs. Since its inception, LoCAL has **demonstrably strengthened local government capacity to identify, prioritize and co-finance investments for climate change adaptation** and the growing interest and attention of national governments across line ministries in scaling up subnational

adaptation financing. This has been highlighted by the Fifth Biennial [Assessment and Overview of Climate Finance Flows](#) issued by the UNFCCC Standing Committee on Finance, which refers to LoCAL as

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.

UNCDF is set to develop a **clear pathway and strategy for countries’ graduation** from LoCAL through phases, so as to establish milestones and targets along this scaling-up path and commit efforts from inception. UNCDF also will continue to support LoCAL countries through the phased approach.

- Support [Benin](#), [Bhutan](#), [Cambodia](#) and [Mozambique](#) in sustaining and implementing Phase III in gradually more local governments.
- Support [Bangladesh](#), [The Gambia](#), [Ghana](#), [Lesotho](#) and [Niger](#) as they expand through Phase II and explore avenues to transition to Phase III.
- Support [Mali](#), [Tanzania](#), [Tuvalu](#) and [Uganda](#) to transition to Phase II; and support [Lao PDR](#) and [Nepal](#) to resume operations and leapfrog to Phase II based on their earlier experiences.
- Support [Burkina Faso](#), [Malawi](#), [Pakistan](#), [Solomon Islands](#) and [Tunisia](#) in successfully implementing and completing their pilot or Phase I.
- Support those countries actively engaged with LoCAL which have completed their design work and have secured resources to initiate their first cycle of implementation: [Côte d’Ivoire](#), [Fiji](#), [Jamaica](#) and [Somalia](#).

UNCDF will continue to support the preparation efforts of candidate countries that have officially expressed interest in deploying the LoCAL mechanism: [Chad](#), [Equatorial Guinea](#), [Guinea](#), [Guinea-Bissau](#), [Haiti](#), [Liberia](#), [Madagascar](#), [Rwanda](#), [São Tomé and Príncipe](#), [Senegal](#), [South Sudan](#), [Sudan](#), [Vanuatu](#) and [Zambia](#). Their interest

indicates that LoCAL is viewed as a sound vehicle to channel climate finance to the local level, while promoting vertical integration of NDC and NAP processes. UNCDF has worked with these countries to assess the necessary conditions for deployment, engaging key stakeholders and development partners, and collecting and validating the information and data needed to design LoCAL country mechanisms.

Joint efforts with national counterparts will be pursued to secure funds from various sources. UNCDF is also supporting prospective countries with resource mobilization efforts which will allow deployment of Phases I and II.

LoCAL as an international standard for subnational climate finance

To support achievement of the LoCAL vision as a standard, internationally recognized country-based mechanism for the delivery of subnational and local climate action, UNCDF will work to leverage the **ISO 14093 standard** to ensure consistency and rigour in deployment, while cementing LoCAL's positioning vis-à-vis countries, donors and partners. UNCDF will further the operationalization of the ISO standard in current and prospective LoCAL countries.

In line with the global evaluation recommendations, UNCDF will increase its efforts at policy development support on topics related to decentralized climate finance, NAP/NDC vertical integration and subnational climate tagging to advance institutionalization of the mechanism and full political uptake. The **intentional and strategic linkages** between international, national and subnational financing, planning, implementation, and monitoring and evaluation of climate action will be emphasized—thereby bringing a financial perspective to vertical integration of NDC and NAP processes. This work will be performed in close partnership with the LDC Expert Group, the NAP Technical Working Group, the NDC Partnership, the NAP Global Network, the NAP Global Support Programme and [UN4NAPs](#).

UNCDF will continue to support implementation of the **Doha Programme of Action and LDC 2050 Vision for all LDCs** to deliver climate-resilient development pathways by 2030 and net-zero emissions by 2050 to ensure that societies, economies and ecosystems thrive. UNCDF will work towards enhancing and building new partnerships, as well as in achieving increased institutionalization of the mechanism. UNCDF will highlight LoCAL's role as an innovative delivery mechanism to strengthen the climate finance architecture and ensure support reaches the local level. Activities to this end include continuing ongoing engagement with LoCAL countries and UNFCCC for recognition as a non-market approach under Article 6.8 of the Paris Agreement.

Sequencing bilateral aid, climate funds and multilateral support

Although patient and predictable funding remains a key principle for locally led adaptation, it is a continuous challenge to achieve. LoCAL will therefore continue to support countries in working with various sources of climate finance: bilateral aid, climate funds and multilateral development banks.

In many cases, UNCDF begins by supporting countries with **bilateral aid**; such aid will continue to play a significant role in supporting LoCAL climate initiatives for local-level adaptation.

Through LoCAL, UNCDF also assists countries in **accrediting national entities and accessing UNFCCC financial mechanisms**. Notably, in October 2023, **Benin** successfully accessed GCF to obtain \$9.4 million in funding to expand LoCAL to 25 communes. Several other countries, including **Bangladesh, Bhutan, Cambodia, The Gambia, Tanzania** and **Uganda**, are progressing towards direct access, either to GCF or the Adaptation Fund. Additionally, four West African countries are working on direct access through a regional accredited entity (BOAD) for 80 local governments; four other countries are collaborating with the Secretariat of the Pacific Community. Through LoCAL, UNCDF is currently

assisting in preparing seven projects—amounting to a \$180 million portfolio—for submission to GCF and the Adaptation Fund, with more projects in the pipeline.

UNCDF will persist in engaging with UNFCCC financial mechanisms, particularly GCF and the Adaptation Fund, to enhance direct access modalities for locally led climate action. This involves strengthening the capacity of central governments and national implementing entities and prioritizing the use of country systems over international intermediaries and project-based approaches:

- Working closely with BOAD, support [Côte d'Ivoire](#), [Mali](#) and [Niger](#) in accessing GCF to roll out LoCAL to 80 communes (approximately \$48 million).
- Working closely with the Pacific Community, support [Fiji](#), [Solomon Islands](#), [Tuvalu](#) and [Vanuatu](#) in accessing GCF and other sources of finance to roll out LoCAL to 37 local governments (approximately \$43 million).
- Support [Bhutan](#), [Cambodia](#) and [Uganda](#) in accessing GCF funding (approximately \$45 million between the three countries) to expand PBCRGs as they progress through Phase III.
- Support [Bangladesh](#) and ICIMOD, [The Gambia](#) and [Tanzania's](#) National Environmental Management Committee in accessing the Adaptation Fund (\$25 million).
- Support [Benin](#) in implementing the accessed GCF funding to scale up LoCAL in 25 communes (approximately \$10 million for six years).

Complementing bilateral aid and climate funds, various multilateral development banks are exploring options to finance the expansion of PBCRGs across countries. This includes the World Bank—supported [Kenya](#) Financing Locally Led Climate Action Programme (FLoCCA), which leverages PBCRGs with co-financing from Denmark, the Netherlands and Sweden.

Bilateral aid also will continue to play a significant role in supporting LoCAL climate initiatives for local-level adaptation.

Linking climate resilience and nature-based solutions

The Paris Agreement calls on all parties to recognize the role of natural ecosystems in providing vital services and goods that respond to both adaptation and mitigation aims. In-depth analysis of NDCs submitted to UNFCCC found that approximately 130 NDCs (or 65 percent of signatories) commit to nature-based solutions in their climate pledges—suggesting **broad consensus on the role of nature in helping meet climate change goals**.

But high-level commitments do not always translate into robust, measurable actions on the ground. LoCAL offers an **opportunity to integrate and advance nature-based solutions in local climate action**. The PBCRG cycle provides practices and incentives aimed at mainstreaming nature-based solutions for increased adaptation outcomes and mitigation co-benefits, as the following examples show:

- LoCAL **investment menus aligned** to NDCs and NAPs include categories and examples of nature-based solutions such as ecosystem restoration approaches, ecosystem-based adaptation and area-based conservation approaches.
- **Climate risk assessments** that increasingly consider ecological vulnerabilities and cost-benefit analysis promote a better understanding of nature-based solutions.
- Monitoring and evaluation and learning activities aim to **share good practices and knowledge** regarding nature-based solutions.

LoCAL Board decisions have paved the way for such engagement.

Box 3.2: Examples of non-economic losses addressed through LoCAL-mobilized grants

A review of LoCAL-funded adaptation investments made between 2019 and 2023 uncovered a variety of climate-related non-economic losses addressed through LoCAL investments. The following list is not exhaustive—given the difficulties of quantifying and identifying what constitutes a non-economic loss—but these examples give a sense of LoCAL’s added value.

- **Bangladesh** funded interventions to restore and/or protect against floods, cyclones and sea-level rise/coastal erosion (loss of territory and ecosystem services).
- **Bhutan** funded interventions which protect against landslides and flash floods, including drainage, slope stabilization and road restoration.
- **The Gambia** embarked on job creation and associated skills development through cash-for-work projects to address climate change; these have helped address the root causes of irregular migration.
- **Ghana** used job creation and associated skills development through cash-for-work projects to address climate change, specifically targeting the needs of returned economic migrants in the hopes of supporting them as they seek to rebuild their lives within the community.
- **Mali** funded interventions related to land degradation (environmental degradation/loss of ecosystem services), such as promoting composting and fertilizing techniques to increase soil fertility.
- **Niger** funded interventions related to land degradation (environmental degradation/loss of ecosystem services), including half-moon techniques, assisted natural regeneration, and rehabilitation of degraded land through bio- and mechanical techniques.

Understanding how LoCAL contributes to minimizing and addressing loss and damage

LoCAL addresses non-economic losses, as well as economic, through its climate adaptation projects (see [Box 3.2](#)).

LoCAL channels finance to local governments for locally led adaptation to the impacts of climate change and works with communities to address the climate crisis as they experience it. LoCAL assists local government authorities in developing countries and LDCs to access the climate finance, capacity building and technical support they need to respond and adapt to climate change.

The PBCRGs ensure programming and verification of climate change expenditures at the local level, with technical and capacity-building support. LoCAL reinforces existing national and subnational financial and fiscal delivery systems. It uses the demonstration effect to trigger further flows for local adaptation and thereby helps to minimize and/or address loss and damage. Further, the PBCRGs’ flexibility enables context-specific implementation to suit loss and damage needs at the local level in its unique context.

ANNEX

Country profiles

This annex consists of 20 country profiles which provide detailed information on the status of the LoCAL initiative in each participating country where the Facility is active. The 20 countries are as follows:

- Bangladesh
- Benin
- Bhutan
- Burkina Faso
- Cambodia
- The Gambia
- Ghana
- Lao PDR
- Lesotho
- Malawi
- Mali
- Mozambique
- Nepal
- Niger
- Pakistan
- Solomon Islands
- Tanzania
- Tunisia
- Tuvalu
- Uganda



Bangladesh



context

Climate change is expected to lead to a rise in sea level and surface temperatures with devastating consequences for Bangladesh, which sits on the low-lying delta of two of the largest river systems (the Ganges and the Brahmaputra) in the Indian subcontinent. One of the most densely populated countries in the world, the **impact of extreme climatic events such as floods and cyclones threatens the lives of many of its population**, whose number exceeds 160 million.

Two national plans address climate change adaptation: the national adaptation plan, approved in 2022; and the Mujib Climate Prosperity Plan, approved in 2021. The 2009 Bangladesh Climate Change Strategy and Action Plan was revised in 2022 but has not yet been approved. Bangladesh developed the [Delta Plan 2100](#) with a specific focus on climate change and water resource management-related issues in the country.

Local governments in Bangladesh have been mandated to perform several key functions related to disaster preparedness and management, thereby becoming important stakeholders in climate change issues. Local governments at the *upazila* (subdistrict) and union parishad (lowest tier of government) levels receive fiscal transfers which are used to strengthen local infrastructure and deliver services. LoCAL works with these local governments as well as with district and central-level authorities to mainstream climate change resilience into planning and investment systems and support **localization of the NDCs and national climate change adaptation goals**.



objectives

The overall objective of LoCAL-Bangladesh, under the Local Government Initiative on Climate Change (LoGIC), is to **demonstrate the comparative advantage of local governments in managing climate change finance** for improving climate change resilience at the local community level. The specific objectives are to ensure that local governments can:

- **Respond to the increasing impact of climate change** in Bangladesh in accordance with locally prioritized needs and vulnerabilities, with sufficient consideration for the operation and maintenance of the infrastructure they support
- **Promote robust, transparent and accountable local public expenditure management systems** by providing funds to further consolidate meaningful, efficient, effective and participatory local planning and budgeting processes as well as strengthen incentives for climate change resilience
- **Support strengthening of the country's fiscal transfer system** and establishment of a strategic platform for the government to attract further financial support for local-level infrastructure and services in a sustainable, performance-based and climate change-resilient manner



achievements

- LoCAL-Bangladesh began in 2014 with the roll-out of **performance-based climate resilience grants (PBCRGs) in 3 local governments and was rapidly expanded to 72**. LoCAL has been incorporated into Bangladesh's LoGIC, an effort funded by Sida and the European Union, with input from the United Nations Development Programme and UNCDF. LoGIC uses LoCAL's system of PBCRGs to channel additional resources to local governments and support projects identified locally based on local-level adaptation needs.
- State-of-the-art **accounting and management information systems and adaptation tracking and measuring software** have been developed to support local governments. LoCAL has trained 72 union parishad secretaries in the accounting and information system software; field-level project staff have had hands-on training on entering and updating field-level data in the adaptation tracking app.
- A Risk Reduction Action Plan, approved with the engagement of standing committees and line departments, **integrates climate resilience investment plans and financing** through community risk assessment, capacity building and technical support for 72 union parishads.
- The **PBCRG model has been successfully integrated** into the Bangladeshi intergovernmental fiscal transfer system, with UNCDF funds transferred through the treasury and the Local Government Division of the Ministry of Local Government, Rural Development and Co-operatives to the union parishads.
- LoCAL serves as a **standard to advance the country's commitment to decentralized climate finance**. Experiences from LoCAL and LoGIC implementation have contributed to the development of a Local Climate Financing Framework, which has been shared with the Local Government Division of the Ministry of Local Government, Rural Development and Co-operatives to ensure a policy provision for decentralized climate finance in the revised National Climate Financing Framework. Local governments will subsequently have enhanced capacity to scale up the PBCRG system to all vulnerable *upazilas* in Bangladesh.
- LoCAL is supporting development of a **climate vulnerability index** to map the exposure, sensitivity and adaptive capacity of all union parishads. Local administrations will be able to use the index to formulate appropriate responses to projected climate-induced disasters; at the national level, higher-vulnerability areas can be prioritized for early action or medium-/long-term adaptation interventions. Thus far, a risk atlas has been developed for 7 districts, 18 *upazilas* and 72 unions.



Bangladesh



achievements

- **Positive financial audits were recorded for 72 union parishads** (19 *upazilla* parishads), with all parishads qualifying for another cycle of PBCRGs.
- The new PBCRG cycle was successfully launched and implemented throughout 2023, with **~\$1 million in investments delivered for 56 pre-identified local climate-adaptive infrastructure projects**.
- During COP28 in Dubai, LoCAL-Bangladesh won the Global Center on Adaptation's **Locally Led Adaptation championship award** in the category of Innovation in Developing Finance.
- As an accredited entity of the Green Climate Fund (GCF) and a LoGIC partner, the United Nations Development Programme, with technical contributions from UNCDF, developed a concept note for submission to GCF to further address local climate risks. LoGIC's next phase is featured in Bangladesh's country pipeline document for GCF with an estimated total budget of \$100 million.



adaptation measures and investments

As of December 2023, **900 small-scale climate resilience measures had been financed** under LoCAL–216 in 2022 alone. The investments delivered direct results for approximately 1 million people.

- Priority investments included construction, reconstruction and repair of climate-adaptive infrastructure (drainage systems, culverts, embankments, roads etc.) to protect human settlements and other critical facilities. Particular emphasis was on **mainstreaming nature-based solutions to withstand the impacts of climate change for disaster risk prevention**, e.g. schemes including vetiver grass or swamp planting.
- Investments to **ensure the availability of drinking water** were also prioritized, including climate-proofing of water supply systems and sanitation facilities; flood proofing of sanitary latrines in flood-prone areas; and installation of filtering and desalinization technologies (especially in coastal areas). Further, some 134 rainwater harvesting systems were constructed at the community and household levels. Each system covers at least 350 households, which were provided with water ATM cards to collect drinking water in line with their needs.



lessons learned

- Initial engagements revealed **strong demand and willingness on the part of local governments** to improve communities' resilience to climate change. This facilitated LoCAL buy-in at the local level and cooperation.
- Intergovernmental coordination can sometimes be time-consuming and cumbersome in planning, fiscal transfer and execution of schemes. **Clearer procedures and protocols** may ease these processes.
- **Greater availability of data on local-level climate trends** and climate change impact on local communities may help in better planning and prioritizing the most effective interventions. Building on past work, the climate vulnerability index and risk atlas will further help to bridge the data gap for risk-informed decision-making.
- A more **systemic approach to the integration of nature-based solutions** into adaptation planning is providing interesting learning for innovative disaster prevention measures (e.g. protection walls combined with reforestation and wetlands preservation for flood prevention). This effort is supported through a partnership with the Bangladesh University of Engineering Technology and the Center for Natural Resource Studies.



way forward

- Based on the soft commitment made by Sida and Danida for an additional \$10 million to cover a two-year extension, LoGIC will expand to two additional climate-vulnerable areas in the country.
- LoCAL will follow up on the submission of the concept note (Green, Resilient and Adaptive Chattogram Economy (GRACE)—LoCALplus) to the Adaptation Fund (\$10 million), developed in partnership with the International Centre for Integrated Mountain Development (ICIMOD).
- Advance institutionalization of the LoCAL mechanism with a view to integrating LoCAL performance indicators in local government monitoring indicators, including climate vulnerability indicators in the country's allocation formula for intergovernmental transfer systems, and providing for climate change additionality in subnational budgeting.
- LoCAL is working with the *upazilla* parishads to explore larger climate-resilient public infrastructure projects.



Benin



context

Ranked 152nd out of 182 on the [Notre Dame Global Adaptation Initiative's](#) country index in 2020, Benin is a country with a **high level of vulnerability and a low level of readiness**, with critical adaptation financing needs. Climate change is already deeply being felt in the country, with the latest decades marked by mean annual temperature increase, reduced number of rainy days per year with a shift of precipitation regimes, and increased frequency and intensity of droughts and floods. Temperatures are expected to rise 2°C–4°C by 2100, and precipitation regimes are predicted to be increasingly erratic, leading to an intensification of extreme rainfall and drought events. The impacts on key sectors and livelihoods will be significant in the absence of appropriate adaptation measures.



objectives

The general objective of LoCAL implementation in Benin is to "help strengthen the climate resilience of communities and local economies through better access to climate finance". This general objective is subdivided into two specific objectives, (i) strengthen the capacities of local authorities to access climate finance and make investments for adaptation to climate change; and (ii) contribute to establishing an internationally recognized standard country mechanism for performance-based climate finance transfer (LoCAL). The expected outcomes are as follows:

- Awareness and response capacities of local authorities, communities and local stakeholders are strengthened and promote local adaptation responses.
- Climate change adaptation is integrated into the planning and budgeting of communes and investments and adaptation measures are carried out throughout their territories.
- The PBCRG system is scaled up and institutionalized.



achievements

- Benin was the **first African country to pilot LoCAL**, and performance-based climate resilience grants (PBCRGs) today target three vulnerable departments in the northern part of the country, which are critically exposed to climate-related hazards, including heat stress, water stress, river flooding, as well as wildfire. The country's nationally determined contributions (NDCs) cite PBCRG implementation as a positive mean to bridge the gap for financing adaptation to climate change while building local institutional and technical capacities to address climate risks and challenges at the local level. The country seeks to extend LoCAL to all 77 of its municipalities as part of its NDC goals.
- LoCAL-Benin was piloted in the northern communes of Boukoumbé, Copargo and Toukountouna in 2013. The pilot's **positive experience secured the backing of the National Fund for Environment and Climate** (Fonds National pour l'Environnement et le Climat—FNEC) in 2017, with additional communes added in both 2017 and 2019, for a total of nine.
- The **LoCAL/PBCRG system has been cited as a key measure to support achievement of NDC goals at the subnational level**—clear evidence of the institutionalization and ownership of the PBCRG system in Benin.
- With UNCDF-LoCAL support, **FNEC was accredited as Benin's national implementing entity with the Green Climate Fund** (GCF). A LoCAL funding proposal was submitted and approved by the GCF Board in October 2023, making it the first GCF proposal building on the LoCAL model to ever be approved. The programme will allow PBCRGs to be delivered to 25 communes in four departments (Alibori, Atacora, Donga and Mono), laying the groundwork for a full national LoCAL roll-out in the coming years.
- In 2021, the **Adaptation Climate Change Fund of the African Development Bank (AfDB) approved a grant envelop to support LoCAL-Benin** in (i) developing high-quality, bankable projects aligned with the NDCs; (ii) identifying and strengthening national institutions and stakeholders to access GCF; and (iii) small-scale adaptation initiatives targeting vulnerable communities via the PBCRG system. AfDB supported implementation of investments throughout 2023, providing the resources and funds needed for a smooth transition to GCF support. The programme should reach full completion in 2024.
- With AfDB support, LoCAL-Benin is exploring options to strengthen access to climate information at the subnational level through the **design of a local climate information system for adaptation (LISA)**. Mock-up of a working LISA will be done in 2024, drawing on successful practices from other LoCAL initiatives and partners and adapting them to Benin's unique context. The goal is to propose a preliminary design and functionality for the platform in Benin; identify potential risks and limitations to its establishment; and develop a strategic roadmap outlining the steps, requirements, and milestones necessary for LISA's potential setup and deployment.



Benin



achievements

- In response to Benin’s request for support in NDC implementation, LoCAL is providing capacity development support to the Permanent Secretariat of the National Commission on Local Finance and the Training Centre for Local Government (Centre de Formation pour l’Administration Locale—CeFAL) on climate change adaptation mainstreaming into local planning and budgeting processes. Building on the partnership with CeFAL, **new local officials in the nine LoCAL target communes were trained** on climate change adaptation mainstreaming in November 2023. The overall objective was to strengthen the level of integration of climate change into municipal development strategies and plans.
- The **2022 annual performance assessment highlighted good performance for most of the communes** involved with LoCAL, with six accessing a new PBCRG cycle in 2023. The others have been supported throughout the year to apply corrective measures to be eligible for 2024. LoCAL will continue to engage with the government to ensure sufficient resources are made available to provide communes with adequate technical assistance and capacity building, in addition to investment proceeds.
- In 2023, UNCDF mobilized **expert consultants to support the 25 local governments targeted under the GCF programme** to integrate adaptation to climate change into their local development plans. Final documents approved by the commune councils will be available in the first quarter of 2024.



adaptation measures and investments

To date, **24 adaptation measures in nine communes have received financing through PBCRGs**. Overall, 71,000 people are reported to have benefited (or will benefit) from PBCRG-financed investments; 55 percent of these are women. These measures mainly focus on the following:

- **Rehabilitation/improvement of community ponds** in an effort to revitalize the local aquaculture sector as an alternative livelihood option for local communities as well as water retention infrastructure for supporting agro-pastoralism
- **Construction/rehabilitation of wells and irrigation facilities** to ensure water availability for irrigated fields throughout the year and maintenance of market garden yields, as a key income-generating activity especially for women
- **Capacity-building activities on climate-resilient crop varieties**, i.e. climate-resilient rice varieties and cost-efficient agricultural practices in two communes
- **Water-related infrastructure** (e.g. boreholes) to ensure a supply of potable water in rural villages affected by water scarcity



lessons learned

- By providing PBCRGs in addition to regular transfers, **LoCAL has helped make the Beninese public funding system more robust and transparent**. Special attention was paid to the mechanism’s design—in particular, the choice of minimum access conditions and performance criteria for local governments.
- The **PBCRG model is fully aligned with the country’s national investment fund transfer system** for local authorities and embedded in the country’s climate change strategy (the NDCs). This will deepen and broaden confidence in the system over the long term, helping local governments obtain access to international adaptation finance.
- **Technical assistance and capacity-building grants are as important as investment grants** since the former enable proper execution of investment activities for adaptation at the local level. Operating with constrained resources for capacity development and support may hamper the performance of target communes, which may lose access to much-needed funds for locally led adaptation.



way forward

- Phase II will continue throughout 2024 with co-financing from the government, GCF and AfDB. LoCAL and its partners will work to enable all 25 local governments to access and implement the next PBCRG cycle during the year. This will be done through tailored technical assistance as discussed by the LoCAL-Benin Technical Committee, which will develop a detailed work plan to address all identified gaps within commune/department functions and structures.
- LoCAL will continue to support FNEC in implementing GCF funding to scale up LoCAL in 25 communes. Benin and LoCAL will work to mobilize resources for technical assistance, notably by deploying newly recruited LoCAL technical assistants in the field to directly support incoming local governments.
- LoCAL-Benin will continue to provide technical assistance and capacity development assignments to reinforce the overall LoCAL architecture in Benin. Advocacy and resource mobilization efforts will be undertaken to ensure adequate funding is available to achieve the highest standards and impacts through the mechanism.
- As the decentralization reforms are gradually enacted, LoCAL-Benin will take all necessary steps to ensure a smooth transition and onboarding of new structures to continue delivering adaptation benefits to communities.



Bhutan



context

As a least developed, mountainous and landlocked country situated in the geologically fragile Himalayas, Bhutan is extremely vulnerable to climate change. **Environmental conservation has been at the centre of the Government of Bhutan's development policies and plans** since the inception of the 1st Five-Year Plan; recent five-year plans have emphasized mainstreaming climate change, the environment, disaster risk management, gender and poverty reduction as cross-sectoral concerns. Guidelines in this regard were set for formulation of the 11th Five-Year Plan (2013–2018) and carried onward in the ongoing 12th Five-Year Plan (2018–2023).

Decentralization reforms in Bhutan were initiated in 1981 by royal decree to institute a *dzongkhag* development committee in all *dzongkhags*; this was followed by institution of a *gewog* development committee in all *gewogs* in 1991. The role, mandate and capacities of local governments—particularly with regard to sustainable development—have been significantly strengthened through recent legislation, regulations and programmes. Notably, the Local Governance Sustainable Development Programme initiated in 2013 assists local governments in implementing block grants allocated for sustainable local community development, while developing their capacity for good governance and improved public service delivery. LoCAL support is embedded in this programme. A draft decentralization policy has also been developed aimed at enabling local governments to provide democratic and accountable governance to local communities, deliver public services in a sustainable manner, and mobilize local community participation in matters of local community development.

Bhutan is a carbon-negative country and has internationally pledged to remain carbon-neutral for all time to come, and has embarked on a policy of green economic development. Bhutan's intended nationally determined contribution priority adaptation actions—based on information in the country's national adaptation programme of action, vulnerability and adaptation assessment in its Second National Communication and other sectoral plans and programmes—include increasing resilience to the impacts of climate change on water security through integrated water resource management; promoting climate-resilient agriculture to contribute towards achieving food and nutrition security; sustainable forest management and conservation of biodiversity; and strengthening resilience to climate change–induced hazards.

Bhutan's first **national adaptation plan** was submitted in 2023; it cites LoCAL as a results-based financing mechanism for adaptation through local governments, covering all local governments in Bhutan.



objectives

The overall goal of the LoCAL-Bhutan initiative is to **improve the adaptive capacity and resilience of local communities to climate change** with increased access to climate change adaptation financing through performance-based climate resilience grants (PBCRGs). The programme's core objectives are to ensure that *dzongkhags* and *gewogs* can accomplish the following:

- **Respond to the increasing impact of climate change on local livelihoods** and livelihood assets in accordance with community-prioritized needs and vulnerabilities in a sustainable manner
- Promote **robust, transparent and accountable public financial management/public expenditure management systems** by providing funds to make the local planning and budgeting process meaningful, efficient, effective and participatory with particular emphasis on strengthening incentives for integrating climate change adaptation needs in local investments
- **Train participating local governments** to develop their knowledge and skills for planning and integration of climate change adaptation in local development investments



achievements

- **Bhutan and Cambodia were the first countries selected by LoCAL to pilot PBCRGs**; their efforts served to validate the approach. LoCAL-Bhutan was initiated in 2011 in two *gewogs* in two *dzongkhags*. It has since been extended to **100 gewogs across 16 of the country's 20 dzongkhags** with budgetary support from the European Union (EU) and technical support from LoCAL.
- LoCAL's **successful integration in the Local Governance Sustainable Development Programme** has been instrumental in supporting local governments in developing and rolling out guidelines, supporting participatory climate vulnerability assessments and integration of adaptation in local development planning, and raising awareness.
- LoCAL grants effectively **apply existing national capital grant rules and regulations** for allocating, channelling and reporting on funds while strengthening the overall intergovernmental fiscal transfer system and piloting innovative features (e.g. for performance measurement).
- The **Assessing Climate Change Adaptation Framework was successfully piloted** in Bhutan and is now being rolled out to other LoCAL countries.



Bhutan



achievements

- With LoCAL support, the **Bhutan Trust Fund for Environmental Conservation (BTFEC) was accredited in early 2020 as the Green Climate Fund (GCF) national implementing entity** with a view to scaling up LoCAL. LoCAL and BTFEC prepared and submitted a concept note to support LoCAL Phase III to GCF; this was approved in 2022. The **Bhutan National Bank** is now pursuing GCF accreditation with LoCAL support.
- BTFEC is further leveraging LoCAL support to **fast-track its accreditation to the Adaptation Fund**, paving the way for more diversified funding sources to sustain LoCAL national roll-out.
- During 2022, LoCAL and the World Resources Institute undertook evaluative research on how climate finance has been reaching the local level in Bhutan and its effectiveness in achieving adaptation results through LoCAL. The research particularly focuses on documenting **whether and how local-level climate finance is making a tangible impact on individuals and communities on the ground**. The report was finalized in 2023.
- **LoCAL provided bridge PBCRG funding to six gewogs** for 2022/2023 to enable local government adaptation efforts pending access to additional resources, particularly from GCF.



adaptation measures and investments

Since 2012, just over 350 small-scale investments have been realized through PBCRGs in 100 gewogs. The following are among the core adaptation priorities financed to date:

- Infrastructure works aimed at **improving farm roads for enhanced climate resilience**—this involved slope stabilization of landslide-vulnerable areas, rectification/improvement of the drainage system and construction of a causeway
- Construction of **elevated bridges to overcome risks posed by swollen rivers** and streams during heavy rain events
- **Improvement of rural water supply schemes**—this involved tapping new/additional water sources, protecting water sources and their enhancement through planting water-conserving species, upgrading water tanks to increase storage capacity, and/or replacement of water supply lines with climate-resilient materials
- **Community water harvesting and improvement of irrigation systems** by rehabilitating irrigation channels and installing climate-resilient pipes to distribute irrigation water more effectively and improve agricultural productivity and farm livelihoods
- Soil conservation and **landslide risk mitigation works**, such as planting bamboo and hedgerows and contour bunding to prevent soil erosion and protect agricultural lands
- Development of **stormwater drainage** to mitigate flood and landslide risks to farmlands, schools, homes and other public and private properties in rural areas



lessons learned

- The introduction of LoCAL PBCRGs has promoted **robust, transparent and accountable public financial management/public expenditure management systems** while addressing local climate adaptation priorities. Bhutan is implementing LoCAL Phase III using European Union budget support to finance PBCRGs.
- The PBCRGs have been effective in transferring adaptation finance directly to *dzongkhags* and *gewogs* and in providing an incentive for local governments to think about and plan for climate change adaptation actions. Using existing government systems and procedures with limited additional requirements has improved efficiency in spending and allowed for low transaction costs, while **creating strong ownership**.
- Baseline and monitoring assessments have provided **useful information about local government capacity** in terms of areas to be strengthened and performance trends in climate change and public financial management. Participatory climate risk assessments at the local level have supported planning and prioritization for using grants in climate change initiatives.



way forward

- Finalize the full-fledged GCF funding proposal to sustain the PBCRG in 65 *gewogs* and develop complementary capacity of local governments to mainstream climate adaptation and implement grants effectively and efficiently.
- Continue to provide technical assistance to the Government of Bhutan for effective implementation of the PBCRG, as needed, while ensuring quality and LoCAL standards.
- Engage with the Government of Bhutan and the European Union on a forthcoming budget support programme to support further roll-out



Burkina Faso



context

Climate change is a major concern for Burkina Faso because of its high exposure and vulnerability. The country is **prone to recurrent and increasingly frequent and serious natural disasters such as drought, floods and locust invasions**. These are expected to exacerbate as the climate changes. Climate projections suggest that Burkina Faso will experience a rise in temperatures in line with the trend in West Africa, which projects average annual temperature increases of a median value of 0.9°C by 2035, 2.1°C by 2065 and 4.0°C by 2100 (RCP 8.5). Burkina Faso could experience increasingly late ends to the rainy season and an increase in the duration of dry spells. Overall, the uncertainty associated with future rainfall patterns in West Africa makes it difficult to understand the potential implications of climate change for Burkina Faso's people and economy.

Studies on the **assessment of vulnerability and adaptation capacities to climate variability** were carried out within the framework of the national adaptation plan (2015) and its sectoral studies. These studies point to agriculture and animal resources, forestry/biodiversity, and water resources as the most vulnerable key sectors. Meanwhile, the most vulnerable groups are poor rural populations, particularly women, young people and small agricultural producers.



objectives

LoCAL–Burkina Faso aims to contribute to strengthening the climate resilience of communities and local economies through **increased access to climate finance and action at the local level**. It supports the country and local authorities in achieving the objectives of the Paris Agreement and facilitating vertical integration of the nationally determined contribution and the national adaptation plan, while contributing to achieving national development strategies—especially in terms of promoting resilient local economies and sustainable livelihoods. LoCAL–Burkina Faso aims to achieve these through two objectives:

- **Strengthen the capacity of local authorities** in Burkina Faso to access climate finance for the realization of investments for adaptation to climate change
- **Establish a standard and internationally recognized country-based performance-based transfer mechanism** to channel climate finance (national and international) to local authorities.



achievements

- In 2019, Burkina Faso first expressed interest in deploying the LoCAL mechanism and in working with three other West African countries (Côte d'Ivoire, Mali and Niger) to prepare and submit a **funding proposal to the Green Climate Fund (GCF) in partnership with the West African Development Bank (BOAD)** to enable direct access to pilot and consolidate LoCAL in these countries.
- **LoCAL–Burkina Faso design** was undertaken in 2019 and validated in September 2020 through wide stakeholder consultations with key decentralization, climate change and finance state and non-state actors.
- LoCAL–Burkina Faso has since worked to further mobilize resources and **promote LoCAL in the country**—as well as internationally—as a standard and recognized financing mechanism to channel climate finance for locally led adaptation. Burkina Faso became a **signatory of the LoCAL Ministerial Declaration** in 2021 and has since supported positioning LoCAL as a least developed country (LDC) long-term initiative supporting implementation of the LDC Vision 2050.
- To support Burkina Faso in understanding climate change and its potential impacts, a **climate downscaling exercise** was undertaken through LoCAL in 2021. Downscaling ensures that climate models focus on climate variability at the local level, providing the basis to identify current and future risks in different localities of the country. Key stakeholders included the National Meteorological Office, the West African Science Service Centre on Climate Change and Adapted Land Use, and the Geographic Institute of Burkina Faso.
- With global funding, a LoCAL **Phase I pilot** was launched with three local governments in late 2021. A Memorandum of Understanding with the Ministry of Environment, Green Economy and Climate Change was signed in 2022 to transfer the tranche of performance-based climate resilience grants (PBCRGs) through the Environmental Intervention Fund (Fonds d'Intervention pour l'Environnement—FIE). A letter of agreement was then signed with FIE to operationalize the mechanism, mobilize key stakeholders and provide necessary assistance and oversight support to pilot communes during PBCRG deployment. Key stakeholders include the National Council for Sustainable Development and its Permanent Secretariat, the General Directorate of Local Authorities within the Ministry of Territorial Administration, Decentralization and Social Cohesion, and the General Directorate of Territorial Development.



Burkina Faso



achievements

- A ministerial decree establishing the **LoCAL Technical Committee** to ensure oversight and overall governance of LoCAL–Burkina Faso was signed in July 2022.
- Following national consultations, three local authorities in three different regions were selected based on their exposure to threats from climate change as well as severe degradation of and pressure on natural resources, exacerbated by the current internal displacement crisis. The three communes are Saponé in the Centre-South region, Loumbila in the Plateau-Central region and Pabré in the Centre region.
- Despite minor delays, memorandums of understanding between the selected communes and FIE were signed to formalize their participation in the LoCAL pilot and ensure compliance with LoCAL standards, while providing modalities for PBCRG transfer. The **first cycle of investments was implemented** according to plan throughout 2023 in the three selected communes.
- **Technical assistance was provided to FIE to support operationalization of the LoCAL PBCRG system** as per the design document. The development of a PBCRG manual was finalized—after the conduct of a baseline evaluation of minimum conditions—for FIE and the communes to ensure smooth deployment of the PBCRG cycle, including the first annual performance assessment (to be conducted in 2024).
- Direct **technical assistance was given to the three pilot local governments** to identify risks and responses to climate change. Local development plans were scrutinized to assess their level of integration of climate change considerations and eligibility for PBCRG financing. Tailored capacity-building and technical assistance support was subsequently mobilized—specifically, training and capacity building on climate risk and vulnerability assessment, integrating PBCRGs, and the use of the annual performance assessment manual and the Assessing Climate Change Adaptation Framework (ACCAF) tool.

Within its first year of implementation, LoCAL enabled the three communes to:

- Create *jardins nutritifs* (nutrition gardens) and build secure market garden perimeters
- Construct boreholes for market gardening production equipped with solar panels and water reservoirs
- Rehabilitate rice-growing lowlands
- Ensure capacity building of stakeholders on natural resource management and smart agriculture techniques



way forward

- In 2024, undertake the annual performance assessment for the 2023 cycle, for which relevant stakeholders have already been trained and prepared
- Support updating of municipal development plans to further integrate climate change into local government planning
- Follow up on and support finance mobilization and direct access to GCF and the Adaptation Fund to consolidate the pilot
- Sign new grant agreements for the 2024 cycle



Cambodia



context

With a high poverty rate and a predominantly agrarian economy influenced by the hydrological behaviour of the Tonle Sap and Mekong River systems, Cambodia is ranked **one of the most climate-vulnerable countries in the world** and is expected to experience increased variation in, and intensity of, precipitation. Over 2 million farming households, or over 8 million people, rely on the climate for their livelihoods. Coastal communities and ecosystems will be affected by sea level rise. Low-lying areas will be increasingly prone to floods, while the higher areas are likely to experience more incidences of drought. Increases in temperature and humidity may create conditions of increased health risk to humans and an exacerbation of diseases in crops and livestock. These changes will amplify and compound already existing development challenges.

In the last few years, the Government of Cambodia has developed a **responsive policy framework**, with over 21 state agencies under the helm of a National Climate Change Committee administered by the Climate Change Department of the Ministry of Environment. Within this framework, the latest National Strategic Development Plan streamlines sectoral climate change strategies and action plans to guide the country's climate change response over the next decade, including at the local level. Cambodia's updated nationally determined contributions place added emphasis on adaptation measures in vulnerable sectors, namely agriculture and water resources, forestry, coastal zones, and human health.

National adaptation plan development is being used to strengthen ongoing climate change adaptation processes through cross-sectoral programming and implementation at the national and subnational levels; this is expected to inform future climate change strategies, financing frameworks, and national development planning and budgeting.



objectives

The objective of the LoCAL-Cambodia initiative, the **Local Governments and Climate Change Project (LGCC)**, is to demonstrate the role of local governments in fostering climate change resilience and identify practical ways to mainstream climate change resilience into subnational planning and finance systems. The project's major outcomes and related outputs are as follows:

- **Increased awareness** of climate change and potential adaptation and resilience-building responses among subnational governments and local communities
- **Integration** of cross-sectoral, analysis-based strategies for building climate change resilience in subnational plans and investment programmes
- **Systems and procedures for mainstreaming** climate change resilience within subnational government public expenditure management systems in a fiscally sustainable manner proven and available for scale-up
- **National guidelines** for subnational public expenditure management (e.g. subnational and annual budget planning, investment programming, medium-term expenditure framework) facilitate mainstreaming of climate change resilience, particularly through cooperative actions between district/municipal and commune/*sangkat* councils and administrations



achievements

- **Cambodia and Bhutan were the first countries selected by LoCAL** to pilot performance-based climate resilience grants (PBCRGs); their efforts served to validate the approach. LGCC Phase I was launched in three local administrations in the Takeo province: Doun Keo municipality and the Bati and Borei Chulsar districts.
- Cambodia successfully moved to Phase II (2016–2019). The scale-up was implemented in partnership with the International Fund for Agricultural Development's Agriculture Services Programme for Innovation, Resilience and Extension (ASPIRE), which supports climate-adaptive productive infrastructure in 50 districts, and the United Nations Development Programme's Strengthening Resilient Livelihood. The **Phase II programme benefited 32 districts in 8 provinces** under ASPIRE.
- The National Committee for Subnational Democratic Development Secretariat (NCDD-S) was nominated in 2015 as a national implementing entity for the Green Climate Fund (GCF). With support from UNCDF, NCDD-S accreditation was approved by the GCF Board in 2019, becoming the **world's first GCF national implementing entity dealing with local governments**. LoCAL is supporting NCDD-S in preparing a Simplified Approval Process (SAP) funding proposal to GCF to continue scale-up of the mechanism under Phase III. As part of the proposal's formulation, NCDD-S organized an inception workshop with stakeholders, and was supported to review past climate projects, climate rationale, district methodology and selection. Stakeholder consultations were also conducted at the national and local levels. The proposal is expected to be submitted to GCF in the first quarter of 2024. A readiness proposal for the Development of a Sub-national Climate Fund to accelerate local climate action in Cambodia was also submitted to GCF, with LoCAL support.



Cambodia



achievements

- Initiatives were undertaken to **improve climate change adaptation mainstreaming**, including adoption of a new climate vulnerability mapping tool (with training to relevant local authorities) and alignment of rankings along a Climate Change Vulnerability Index to select new potential local partners (which is part of the National Climate Change Monitoring and Evaluation Framework), as well as performance assessments in targeted districts which allow for transfers of new PBCRG cycles. LoCAL also contributed to the development of NCDD-S policies on environmental and social safeguards and gender; preparation of a performance-based grants manual; and identification of a partnership project for climate-adaptive water supplies in a Battambang district with K-Water and the Korean Ministry of Land and Transport.
- Cambodia was selected by UNCDF and the World Resources Institute as one of three pilot countries to **test the Assessing Climate Change Adaptation Framework (ACCAF)** to monitor the extent to which LoCAL country programmes contribute to increased resilience and capacity building for adaptation. The country is rolling out ACCAF to additional LGCC districts.
- With financial support from the Korean Ministry of Environment, the **Scaling Up Climate Resilience Grants in Cambodia: Innovative Decentralized Water Solutions to Provide Safety and Resilience for Residential Water Systems** supports local governments in leveraging public and private sector investment in projects with the potential to generate cash flow through water tariffs and user fees. Implementation began in 2020; the private-public partnership framework was established in 2022 to support financing and operation of a water supply system in the Battambang province. In December 2023, construction of the Basak water supply system was completed, and a contract for the system’s management and operation system was signed between Rukkhakiri district and a private sector investor.



adaptation measures and investments

Overall, **538 adaptation measures have been financed through PBCRGs**. Of the 538 projects financed, 450 are **small-scale infrastructure projects** mainly entailing construction of elevated roads/bridges and renovation/construction of rural/farm roads; restoration/protection of irrigation canals; and rehabilitation/construction of water gates, sewage systems and community ponds. Several **capacity-building and awareness-raising activities** were also supported—e.g. on climate change causes and effects (both for local authorities and communities), agricultural climate-resilient practices (improved varieties of rice, good agricultural practices, cattle farming, etc.), health and sanitation (prevention of climate change-borne diseases, personal hygiene, etc.) and general environmental protection.



lessons learned

- Local governments have adequate capacity for simple climate change response actions, but **further capacity development** is needed, including strengthening of public expenditure management systems, and of monitoring and evaluation of local climate change adaptation.
- Smarter systems are needed to facilitate scale-up, and more partnerships are needed to ensure sustained change at the local level.
- **Changing people’s attitudes, behaviours and practices is generally complex**, especially regarding climate change because of its unpredictability, lack of accurate data and the uncertainty of success of innovative technologies and practices. The involvement of subnational governments and local communities is key to ensure adaptation results at the local level.
- **Infrastructure subprojects are generally more appealing** to subnational governments and local communities than soft adaptation measures because of the multiple and immediate benefits. Hard and soft approaches are complementary, and their application ensures understanding of climate change within local decision-making structures and communities as they evaluate local vulnerabilities, local capacities and measures on the ground.
- An innovative and ambitious concept and approach such as PBCRGs requires **long-term policy support**. To facilitate this, advocacy and knowledge sharing is needed to inform policy-makers with evidence from the field.



way forward

- Cambodia will expand implementation of LoCAL Phase III. In line with the concept note submitted to GCF, up to 15 districts may receive GCF-funded PBCRGs through the existing fiscal transfer system.
- As one of five countries targeted by a joint UNCDF–United Nations Development Programme initiative on Strengthening the Governance of Climate Finance to Promote Inclusive Climate Resilience in Asia Pacific, Cambodia will receive technical assistance and capacity-building support to further institutionalize and expand the LoCAL mechanism nationwide, while ensuring quality and LoCAL standards.
- In combination with other funding sources, the above efforts may contribute to full scale-up of LoCAL nationwide. UNCDF will continue to provide support to Cambodia in mobilizing additional resources for scaling up PBCRGs.



The Gambia



context

The Gambia's **fragile economic and social profile makes it particularly vulnerable to a number of potential shocks**, including climate change and weather extremes. In 2014/2015, the double shock of drought and the Ebola scare led to rising food insecurity rates and increasing migration to urban areas or overseas, particularly Europe. An estimated 57 percent of the Gambian population now live in the urban areas. The Gambia needs support in paradigm change and the creation of efficient democratic institutions. Job creation and social inclusion are key to ensuring this goal.

Climate change impacts are expected to put considerable pressure on the country's natural and societal systems, with decreasing rainfall projected to intensify salinization and acidification of lowland soils across the country, affecting marginally productive soils or soils most exposed to climate stressors. The Gambia is committed to advancing its national adaptation plan process and intends to **transition from project-based adaptation planning and implementation to an integrated approach**, with a focus on vulnerable economic sectors and social groups (including women, youth, indigenous peoples and local communities) and ecosystems. LoCAL–The Gambia is aligned with and responds to these goals.



objectives

LoCAL–The Gambia is one of three components of the Jobs, Skills and Finance for Women and Youth in The Gambia (JSF) Programme funded by the 11th European Development Fund. The programme aims to help stabilize the country's economic, social and security situation during its democratic transition by facilitating the social inclusion and employment of youth and women, with a specific emphasis on promoting gender equality and addressing climate change. It will accomplish this goal through two components:

- Job creation for youth, women and local communities and equal access to employable skills development
- Improved access to finance

Activities undertaken as part of the first component, featuring the LoCAL performance-based climate resilience grant (PBCRG) approach, **aim at creating jobs, particularly in the green economy**. Local authorities and communities are supported in identifying needs in priority sectors and in planning investments accordingly. Support is provided to increase the number, quality and accessibility of vocational training schemes offered to youth and women. Activities under the second component facilitate access of micro, small and medium-sized enterprises to financial services, with a particular focus on youth and women. Public-private partnerships are being established for local relevant employment creation and economic development.



achievements

- Following technical missions and a consultative meeting to draft and validate LoCAL design in 2017, the **JSF Programme was officially launched in October 2018**, including the establishment of the JSF National Steering and LoCAL Technical Committees. In the first half of 2019, a memorandum of understanding was signed between UNCDF and the Ministry of Lands and Regional Governments (MoLRG) and the Ministry of Finance and Economic Affairs for deployment of the LoCAL mechanism and associated PBCRGs.
- A letter of agreement was signed between UNCDF and MoLRG to provide the ministry with operational support for successful implementation of LoCAL/JSF activities, including **capacity development support to key governance structures**. A letter of agreement was also signed with the Office of the Auditor General to provide guidance, training and supervision to wards on good governance and financial management; under this agreement, support is provided for annual audits of the wards on budget execution, use of funds and compliance with national public financial management.
- Since then, 32 ward development committees (WDCs) across the North Bank, Lower River, Central River North and Central River South regions have been supported in identifying climate-relevant priorities, and preparing and **finalizing climate change adaptation investment plans and related cash-for-work activities**. Five PBCRG cycles have been delivered so far, with positive feedback on compliance with minimum conditions and performance measures.
- Through cash-for-work schemes, the **programme created 6,607 temporary full-time-equivalent jobs**, 25 percent filled by adult women and 75 percent by youth.
- In partnership with the Department of Community Development, the JSF Programme undertook activities to sensitize target wards and their communities about the programme, the LoCAL mechanism and investment menu, employment opportunities to be generated via cash-for-work activities and broadly on climate change adaptation. A total of **2,449 participants have been sensitized on mechanism operations** across the four regions since LoCAL launch.



The Gambia



achievements

- UNCDF, in partnership with the Centre de Suivi Écologique (CSE), continued to provide **technical support for climate risk assessment and Local Information System for Adaptation (LISA) design**. Climate risk assessments were finalized for the first eight wards; these will serve as a model for replication as the PBCRG mechanism is expanded to additional wards. The assessments provide information on climate risks, vulnerabilities and adaptation strategies to guide prioritization of community investments; they will also provide input for further LISA development. Management of LISA has been successfully transferred to the Ministry of Environment, the National Disaster Management Agency and the Gambia Bureau of Statistics.
- A **high-level delegation led by the ministers of environment, agriculture and energy visited LoCAL project sites** in the Lower River Region in May 2021 to understand how LoCAL is promoting integrated approaches to adaptation. The Minister of Environment, who is a LoCAL Ambassador, has been on the forefront advocating for the LoCAL mechanism as a successful solution to decentralized climate finance and resilience building at the local level.
- The **Gambian Government reiterated its commitment to adaptation to climate change** at the April 2022 National Steering Committee meeting, committing to scale up existing resilience-building activities using LoCAL as part of the new government-owned LoCAL+ action. The main goal of LoCAL+ is to scale up current JSF activities to 48 wards, with expansion to the Upper River and West Coast regions through the Adaptation Fund. Accordingly, a new government financing agreement was signed in July 2023 to scale up the LoCAL mechanism in The Gambia.



adaptation measures and investments

A total of **101 locally led adaptation projects have been implemented** since programme inception, 41 of which were completed in 2023. The investment plans have been developed based on ward climate adaptation priorities as identified through climate risk assessment. Investments ranged from providing clean drinking water for humans and livestock through solar-powered boreholes; horticulture gardens; construction of culverts to improve accessibility to markets, schools and hospitals; increased adoption of agro-forestry and reforestation to enhance environmental conservation; and integrated poultry horticulture farms as priority interventions to improve community resilience to climate change. All interventions were implemented through cash-for-work activities, mainly focused on women and youth.



lessons learned

- The **LoCAL mechanism is clearly aligned with the National Climate Change Policy for The Gambia (2017)**. LoCAL activities have fast-tracked realization of the policy through strengthening governance and coordination, implementing priority capacity needs and increasing resource mobilization by activating a separate budget code.
- **LoCAL provides a mechanism for identifying national and subnational budgetary allocations to respond to climate change**. This is a critical first step in enhancing resource mobilization for mainstreaming climate change. It is also in line with government initiatives to design and implement a climate change budget coding and scoring system to track, monitor and report on climate change expenditures that are harmonized with the Integrated Financial Management Information System.
- The **annual performance assessment embedded in the LoCAL mechanism is crucial in enhancing the capacity of local government structures**. For instance, the results of the annual performance assessment for the first eight pilot wards revealed major capacity gaps and needs, including with regard to climate risk and vulnerability assessment, budget management, record keeping and ward development plans. Through LoCAL, good performance is incentivized through increased budgetary allocation, the progress of each WDC is monitored systematically, and meaningful improvements can be made to achieve impact on community and ward development.



way forward

- The LISA platform is expected to help participating WDCs strengthen their adaptation planning and selection of climate investment plans through easier access to climate information. UNCDF will continue to provide technical support to the Ministry of Environment, Climate Change and Natural Resources for LISA management with the WDCs.
- Based on the results of the annual performance assessment and audit of the final cycle of the JSF Programme, the LoCAL facility team will continue to build WDC capacity in procurement and financial management processes, as well as in understanding the LoCAL mechanism, in implementation of the next PBCRG cycle. This cycle is expected to deliver around 30 new adaptation investments in target wards from the new government financing agreement.
- LoCAL will continue to work closely with key ministries to support The Gambia in leveraging climate finance under the PBCRG system, including with the Adaptation Fund and other funding sources and partners.



Ghana



context

Ghana is facing climate-related pressure on water and reduced yields, leading to more poverty and food insecurity, and the loss of national revenue from cash crops such as cocoa. Other **vulnerabilities undermined by climate change** include migration, which puts pressure on urban services; deteriorating health due to increased disease; severe impacts on land use leading to loss of biodiversity and soil fertility, land degradation and increased deforestation; and exposure of fragile groups such as women and youth to climate change impacts. In 2013, Ghana launched its National Climate Change Policy. Four thematic areas have been identified to address adaptation issues in Ghana: energy and infrastructure, natural resource management, agriculture and food security, and disaster preparedness and response.

More than 80 percent of disasters in metropolitan, municipal and district assemblies (MMDAs) are climate related and affect key growth and economic sectors such as agriculture, forestry and fisheries; as well as environmental sanitation, water supply and management. The National Development Planning Commission’s (NDPC’s) guidelines on preparing MMDA medium-term plans therefore incorporate climate change adaptation issues in profiling as well as prioritizing projects, though without providing clear guidance.

Ghana’s updated **nationally determined contributions include 13 adaptation programmes** of action in priority economic sectors for implementation over 2020–2030—notably, sustainable land use including food security, climate-proof infrastructure and equitable social development.



objectives

The main objective of LoCAL-Ghana is to **stimulate local economies and short-term job opportunities for youth, women and returnee migrants through green and climate-resilient investments**, to support the transition of local economies to green and climate-resilient development and to contribute to building green and climate-resilient local economies in Ghana, applying circular economy and climate-smart agriculture principles and solutions to local development pathways. Three outputs will contribute to this objective:

- **Strengthen MMDA capacities** (learning by doing) in the preparation of climate risk informed, participatory and gender-sensitive local economic development planning
- Deliver **green and resilient local infrastructure/investments** (including those to be co-financed by the diaspora) under the oversight of MMDAs, through cash-for-work schemes benefiting youth, women and returnees; and procurement to local small and medium enterprises
- Design and deploy a performance-based grants system that can be scaled up and attract various sources of finance, including private finance, international finance and diaspora funds to build resilient local economies



achievements

- The **LoCAL pilot (Phase I) began with three local governments** in 2016 and has been fully aligned with the District Assemblies Common Fund Responsiveness Factor Grant (DACF RFG), a performance-based grant transferred to MMDAs for investment in local infrastructure development. The LoCAL performance-based climate resilience grant (PBCRG) constitutes an average top-up of 10–15 percent of the DACF RFG.
- UNCDF, in partnership with SNV, secured funding from the European Union Trust Fund for Africa to implement the **Boosting Green Employment and Enterprise Opportunities in Ghana (GrEEn) Project** beginning in 2020, which features LoCAL in its Result 1. Under GrEEn, LoCAL-Ghana progressed to Phase II, with expansion to 6 MMDAs in 2021 and to 10 MMDAs from 2022. The project has been extended to December 2024.
- With support from the Government of Norway, in December 2022, UNCDF secured funding for the Promoting Green and Climate Resilient Local Economies in Ghana Project. The project involves the **application of circular economy and climate-smart agriculture principles and solutions to local development pathways** and will be implemented in six districts over two years. The Year 1 districts are Fanteakwa North District, Ada East District and Efutu Municipal; the remaining districts will be onboarded in Year 2 from among the EU-funded GrEEn target districts.
- In partnership with the Korea Environment Institute, LoCAL finalized a **country report on climate risk and vulnerability assessment incorporating the local dimension**, identifying and mapping climate risk, exposure and vulnerability hotspots at the subnational and local/community levels and prioritizing climate change adaptation actions and investments based on quantified, evidence-based analysis. This work was a basis in establishing a **Local Information System for Adaptation (LISA)** to provide local governments and communities with a user-friendly platform—to be integrated with the District Development Data Platform—to access relevant climate information. The LISA was tested and piloted in target MMDAs in 2022 and has been deployed in all LoCAL implementing districts in Ghana.



Ghana



achievements

- LoCAL experience led to the **inclusion of climate indicators** in Ghana's PBCRG system as well as to the inclusion of climate change considerations in the National Decentralization Policy and National Decentralization Strategy (2020–2024). Ghana has been on the front line in advocating for LoCAL recognition as a non-market approach under Article 6.8 of the Paris Agreement, both in Bonn and during COP28.
- LoCAL Ghana delivered its fourth PBCRG cycle in 2022/2023, implemented through GrEEn cash-for-work schemes. For the fourth PBCRG cycle, about beneficiaries had been identified and were trained by UNCDF's partner, SOS Children's Villages.
- A **redesign exercise was launched in late 2022 and completed in 2023 to assess LoCAL technical elements and deployment modalities** with a view to wider scale-up in both rural and urban areas. Key features under assessment include PBCRG allocation size and the investment menu as well as the overall institutionalization framework of the PBCRG window into the DACF-RFG.
- **Preparatory work with the United Nations Environment Programme on the Green Climate Fund is ongoing**, with submission for expanded implementation of ecosystem-based adaptation and the PBCRG in northern Ghana projected for late in 2023.



adaptation measures and investments

Since inception, **40 climate change adaptation investments directly benefiting approximately 94,500 people, were realized in 13 MMDAs.**

- Ridges, roads and markets were rehabilitated, fortified or enhanced for **resilience to flood** risks through the construction of culverts and drainage systems. **Access to water** services was constructed for school children, health facilities and communities.
- **Sensitization activities on climate change and specific trainings** on bush fire prevention, coastal erosion prevention and early warning systems were held in all implementing MMDAs.
- Activities were implemented via **cash-for-work schemes** that have thus far provided 669 people with short-term jobs created in 2023. On average in 2023, 638 beneficiaries were on payroll for each of the three months infrastructure investments were being implemented.



lessons learned

- It is critical to design the **flow of funds and the PBCRG mechanism to fully align with the existing system of intergovernmental transfers** and to follow the regular public expenditure management cycle. In Ghana, the PBCRG is fully aligned and linked with the DACF RFG. This has been effective (i) in advancing institutionalization of the PBCRG system as the country's own standard for subnational adaptation finance and (ii) for mainstreaming climate change adaptation considerations into decentralization policies and tools.
- MMDAs lack knowledge of climate change adaptation and of the issues entailed. **Ongoing guidance and capacity building are needed for effective integration of climate data into planning and budgeting for resilient infrastructure development** in order to have a transformative effect at the local level and thus stimulate local economic development.
- Redesign exercises are useful in **reassessing the feasibility of LoCAL deployment features**. The geographic reach needs to be boosted, as LoCAL covers only 5 percent of Ghana's MMDAs.



way forward

- Preparing for the anticipated national roll-out (Phase III) to begin in 2025 is an integral aspect of Phase II. LoCAL will provide and support policy advice, stakeholder engagement and design adjustments as needed to ensure the country can transition to Phase III after the four-year GrEEn Project ends.
- The Government of Ghana and LoCAL have rolled out LISA and pursue synergies with the Environmental Protection Agency and the Ministry of Environment, Science, Technology and Innovation on national adaptation plan and nationally determined contribution implementation. LoCAL will undertake climate change vulnerability assessments in 13 MMDAs to enable risk-informed decision-making within the framework of the MMDAs' midterm development plans and annual action plans.
- With support from Norway, circular economy and climate-smart agriculture principles will be further integrated into LoCAL investments and support to MMDAs.



context

As global temperatures rise, Lao PDR can expect rainfall patterns to change with increased and more severe storms, droughts and floods. The **effects of climate change are already having serious impacts on the livelihoods and living conditions of people in the country**. Floods and storms destroy infrastructure by washing away streets, damaging buildings or interrupting electricity supply. In the near future, expected impacts include crop failure, lack of drinking and irrigation water as well as an increase in vector-borne diseases such as malaria or dengue. Increased vulnerability towards the negative effects of climate change is compounded by natural resource-driven economic development, such as the country's heavy reliance on mining and hydropower generation.

Lao PDR thus is highly vulnerable to climate change and is stepping up its adaptation at the local level, notably through the National Green Growth Strategy and the upcoming nationally determined contribution and national adaptation plan. The National Socio-Economic Development Plan and the National Green Growth Strategy together clearly establish a long-term vision for national and local development that puts the role of local administrations at the centre in managing natural resources and reducing vulnerabilities to climate change while adapting to the new climate. The ninth National Socio-Economic Development Plan includes several targets relevant to the country's Sam Sang (Three Builds) devolution strategy covering poverty reduction, achieving developed village status and upgrading from poor district status.



objectives

The overall objective of the Effective Governance for Small-scale Rural Infrastructure and Disaster Preparedness in a Changing Climate project, in which the LoCAL pilot phase was earmarked, is to **improve local administrative systems affecting the provision and maintenance of small-scale rural infrastructure** through participatory decision-making that reflects the actual needs of communities and natural systems vulnerable to climate risk. As part of its Phase II design, LoCAL-Lao PDR will:

- Increase local-level climate change awareness and capacities
- Integrate climate change adaptation into local government planning and budgeting in a participatory and gender-sensitive manner
- Increase the financing available to local governments for climate change adaptation



achievements

- A **form of LoCAL mechanism implementation** was initiated under the Effective Governance for Small-scale Rural Infrastructure and Disaster Preparedness in a Changing Climate project, which is implemented by the Ministry of Natural Resources and Environment (MoNRE), and supported by the United Nations Development Programme and funded by the Global Environment Facility's Least Developed Countries Fund. UNCDF provided technical assistance for the design and implementation of local government grants for climate-resilient infrastructure, namely the **District Development Fund climate resilient grants** (DDF-CRGs). The project was based in rural communities in two provinces, Saravane (eight districts) and Sekong (four districts), and aimed to address the limitations of technical, human resource and financial capacities of government to effectively plan and implement successful resilience-building measures.
- The **re-engagement of the LoCAL mechanism** in Lao PDR started in early 2021 with series of UNCDF technical assistance team meetings with the MoNRE, the Ministry of Home Affairs, the Ministry of Finance, the Ministry of Planning and Investment, and other development partners in the country.
- In 2020–2021, UNCDF conducted a **re-scoping of the LoCAL mechanism** for Lao PDR and to identify early preparatory work that can be undertaken and through a subsequent Phase II (2022–2026). The main purpose of the scoping mission is to take stock of and collect data on areas vulnerable to climate change.
- Following up on the scoping results and based on the country's climate risk and vulnerability assessment, UNCDF drafted a **design paper for the LoCAL mechanism** consisting of minimum conditions, an investment menu and performance measures to lay the groundwork for a transition to a bridging phase and towards LoCAL Phase II.
- The draft **design document for LoCAL–LAO PDR Phase II was validated in May 2022** by the Government of Lao PDR represented by the MoNRE. As part of this process, LoCAL organized a series of consultation workshops with key stakeholders, including local government agencies, during 2022. The main objective of the consultations was to present the draft design document and receive comments and suggested inputs from national and local stakeholders.
- In 2023, LoCAL organized a five-day training in Vientiane to introduce the climate risk and vulnerability assessment methodology as well as the components of the LoCAL cycle in order to **facilitate a deeper understanding of the mechanism and prepare for its future implementation**. The workshop was attended by representatives from the ministries and subnational governments (districts and provinces).



adaptation measures and investments

A total of **29 small-scale rural water infrastructures** (water supply, irrigation and wetland management; bridges and culverts) were developed over the three fiscal years between 2014/15 and 2016/17 (LoCAL Phase I). District administrations led the infrastructure development process, taking the participatory and bottom-up approach and following public expenditure management processes guided by DDF-CRG guidelines, instructions and manuals.



lessons learned

- The climate risk and vulnerability assessment (CRVA) approach is an effective tool for involving the population into the project, enabling a local perspective that can be translated into land use plans.
- The CRVA supports a participatory approach that is critical in ensuring ownership and future sustainability of investments and approaches to their selection and design—although maintenance of the investment continues to be perceived as the responsibility of the government. Small-scale project sites do not present any particular risk affecting the environmental dimension of sustainability.
- Improved water supply systems benefit women given their tasks in households and farming, and benefit all remote ethnic groups that are disproportionately affected by water shortages both for domestic and agricultural use.
- Capacity development activities are not enough to ensure a sustainable capacity increase over time: individual and organizational capacities need to be pooled at the district level to support the integration of activities across sectors. This requires increased coordination at the national level with strong inter-ministerial support to sustain a multidisciplinary team approach at the local level.
- Anchoring the mechanism into an existing coordination structure (e.g. the Governance and Public Administration Reform Programme) is essential to secure sustainability and institutional coordination in the future.
- Project and district-level staff turnover are challenges hindering progress and institutional memory, reducing capacity to communicate and disseminate good practices.
- Stakeholder and community engagement hold the potential for increasing coordination at the village level.



way forward

- LoCAL will support implementation of a new cycle of PBCRGs as of 2024, building on the revised design note. This will include technical assistance and capacity building to integrate climate change into district plans and budgets; and training on LoCAL, climate risk and vulnerability assessment, and undertaking the annual performance assessment.
- LoCAL will continue to support resource mobilization activities with the relevant in-country and external donors to ensure a successful transition to Phase II.



Lesotho



context

Climate change is affecting Lesotho in several ways: a delayed rainy season, provoking severe droughts and drinking water shortages; heat waves; dry spells during the growing season, reducing food production; and heavy and erratic frost—all resulting in **high vulnerability for households**. Sectors reported as vulnerable to the projected impacts of climate change include agriculture, forestry, health, culture and historical heritage.

Lesotho recognizes climate change as a serious threat to its development plan and to the future of both its livelihoods and one of its main sources of revenue: water. The Lesotho 2013 Second National Communication to the Conference of Parties notes that projected scenarios suggest that reduced precipitation for the southern parts of the country, coupled with increased temperatures, will adversely affect water resources and agriculture, in particular. The projected reduction in the growing season due to delayed onset of rains will also adversely affect rangelands and livestock production—with a corresponding negative impact on livelihoods reliant on wool and mohair.

The Lesotho Meteorological Service, the country’s national designated authority, cited **weak financing for climate change initiatives in the country**. Most of the ongoing climate change interventions are donor funded. The Meteorological Service highlighted the need to put in place mechanisms to facilitate direct access to international climate funds to promote resilience across all sectors, particularly at the community level.

The demand for decentralization and resources to act on vulnerability at the community level has led the government to publish a devolution policy to empower both district and community councils to plan and manage their development. **Climate change adaptation falls within the core mandate of community councils**, along with land use planning, natural resource management and infrastructure development.



objectives

The overall outcome of LoCAL-Lesotho is to **improve the climate change resilience of the communities in the selected councils** and contribute to one of the country’s development plan pillars—**reversing environmental degradation and adapting to climate change**.

The **objectives** are (i) increased transfer of climate finance to local governments through national institutions and systems for building verifiable climate change adaptation and resilience, and (ii) a standard and recognized country-based mechanism which supports direct access to international climate finance. Four **outputs** are envisaged: (i) inclusive and accountable climate change adaptation is mainstreamed into local council planning; (ii) government, local authority and population awareness of and capacities in adaptation and resilience planning are improved; (iii) an effective country PBCRG finance mechanism is established and operational, providing additional funding to targeted community councils; and (iv) experience and lessons learned are consolidated and shared.



achievements

- The PBCRG system has been successfully designed and is fully **aligned with the previous Deepening Decentralization Programme (DDP)**, which had established a performance-based capital grants system combined with capacity development support.
- The Government of Lesotho and UNCDF have defined modalities for LoCAL-Lesotho, including funding arrangements, eligibility and minimum conditions of access, allocation criteria, and funding flow and reporting. The institutional framework and roles of the parties have been defined. The modalities are described in the memorandum of understanding signed October 2017, which provides the **framework for LoCAL-Lesotho** and establishes LoCAL financing and management.
- **Four community councils were selected to pilot the approach** in the Mphahle’s Hoek district of Lesotho: Khoelenya, Lithipeng, Qhoasing and Senqunyane.
- The **first PBCRG cycle was delivered to the four pilot community councils in 2020**. In preparation for PBCRG deployment, e-training and in-person trainings were conducted for local government staff and other national officials to ensure they were able to use LoCAL guidance; had a basic understanding of the framework; and had full understanding of the LoCAL-Lesotho design elements, particularly the performance assessment indicators (i.e. the minimum conditions and performance measures).
- **Capacity-building support on climate change mainstreaming and adaptation plans** was delivered to implementing teams, line ministries and non-governmental organizations. This was aimed at improving awareness and capacities on climate change, impacts, risks, vulnerabilities, adaptation and resilience planning—as well as to allow community councils to integrate climate change in development plans in a participatory and gender-sensitive manner.
- Following the first annual performance assessment, a series of **measures were put in place to ensure compliance and adequate performance in the second PBCRG cycle deployment**. For example, the community councils were required present evidence that their adaptation plans had been endorsed by the council and that management had followed up on recommendations from the Auditor General on previous reports.



Lesotho



achievements

- The Office of the Auditor General conducted an audit of LoCAL's financial statements for the fiscal year ending 31 March 2021; the local governments received a clean, unqualified audit opinion.
- The **African Development Bank, through the Africa Climate Change Fund, approved funding contributing to implementation of the LoCAL-Lesotho pilot** phase; this enables the four pilot local governments to continue using the mechanism through 2023 and implement adaptation investments through PBCRGs.
- In 2022, a series of **refresher training and capacity-building activities accompanied deployment of the second PBCRG cycle**. This included a two-day training session on public financial management, training of community council on climate change to support the adaptation planning process, and training on community-based participatory planning to enhance the capacity and skills of district technical team members.
- UNCDF and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) signed an agreement in December 2022 to **use LoCAL and its PBCRG system for GIZ's Integrated Catchment Management (ICM) project** to avoid duplication and the creation of parallel systems for subnational financing in Lesotho. The partnership aims to support the Government of Lesotho in aligning ICM financing with the decentralization process through the LoCAL mechanism, in line with catchment management and development planning processes. Based on the agreement, 10 community councils—4 already using LoCAL in Maseru's Hoek district and 6 in the Thaba Tseka, Mokhotlong, Maseru and Leribe districts—were selected for implementation of ICM activities through the LoCAL mechanism in 2023.
- An amendment to the capital grant agreement and letter of agreement was signed in November 2023 to accommodate expansion of the LoCAL PBCRG system to six additional community councils in five districts for **implementation of ICM interventions through the LoCAL mechanism in 2024/2025**.
- The second annual performance assessment was undertaken in April–July 2023 in the four community councils in Maseru's Hoek district. Overall, the performance score improved by 20 percentage points over the previous year.
- Preparations are ongoing to facilitate implementation of the next PBCRG cycle, including signing of standard participation agreements with the councils, opening of bank accounts and grants transfers from the central to the local level.
- LoCAL, ICM and the Ministry of Local Government and Chieftainship, Home Affairs and Police organized a training workshop for new district teams in June 2023 to introduce participants to the LoCAL mechanism and public financial management. A total of 97 participants attended two sessions with 53 percent and 60 percent female participation in Maseru and Leribe, respectively. The workshop also addressed the ICM [ReNOKA](#) (we are a river) approach.



adaptation measures and investments

- The first PBCRG cycle financed climate-proofing of nine water-related infrastructures and one range management infrastructure in the four pilot community councils, **providing access to clean water to more than 1,800 people**—especially in periods of prolonged drought and the drying up of water springs.
- The second PBCRG cycle financed **seven clean, reliable water supply infrastructures in the four councils, benefiting some 4,904 people**.



lessons learned

- Communities and their councils are increasingly expressing their needs, and **councils have demonstrated an ability to plan and implement projects** of practical interest. Grant size needs to be adapted to meet current management capacity.
- **Adaptation support programmes focused on capacity development have been conducted** in a limited number of councils where adaptation plans had been developed with support from the United Nations Development Programme, the World Food Programme and/or the Food and Agriculture Organization of the United Nations.



way forward

- Further support pilot community councils in climate risk assessments to identify sound adaptation measures and investments. LoCAL will provide technical support to implement local diagnostics and mapping of climate risks, vulnerability and climate change adaptation options.
- Follow up on the disbursement of the third cycle of PBCRGs to the target councils and start LoCAL implementation in six newly selected community councils in partnership with GIZ/ICM.
- Continue to support the Government of Lesotho's resource mobilization efforts, including through development of a concept note to the Adaptation Fund in order to sustain and expand the LoCAL mechanism nationwide.



Malawi



context

With its narrow economic base, limited agro-processing industries, over-dependency on rain-fed agriculture and biomass for household energy, Malawi is **highly vulnerable to the adverse impacts of climate change and extreme weather events**. This situation is exacerbated by increasing poverty among rural communities, increasing population pressure on a limited land resource base, land degradation arising from agricultural expansion and the cultivation of marginal lands, and increasing deforestation to meet growing demands for energy, food and construction.

Decentralized service delivery was initiated as part of Malawi's transition to multi-party democracy, with the aim of diffusing overly centralized power and bringing services closer to citizens through elected local councils. The executive arm, the Council Secretariat, is led by a district commissioner (rural councils) or a chief executive officer (urban councils), and includes core functions of finance, administration and planning, and the heads of key sectors. Devolved functions for rural local governments include basic education, primary health care, agriculture, water, rural roads, and community development. In addition, urban local governments have the mandate to provide for municipal services such as waste management, urban roads, sewerage, town planning etc. This devolution provides a sound basis for **territorial administrations to play a role in climate action**. At the subdistrict level, village development committees and area development committees are meant to identify and consolidate community development priorities for the five-year district development plans.



objectives

The overall objective of the LoCAL programme in Malawi is to **promote climate change-resilient communities and local economies** by increasing investments in climate change adaptation at the local level, thereby contributing to achievement of the Paris Agreement and the Sustainable Development Goals.

LoCAL-Malawi aims to **increase district access to climate finance** for implementation of nationally determined contributions and the national adaptation plan-aligned climate change adaptation priority investments; and to consolidate a standard and internationally recognized country-based mechanism of performance-based climate resilience grants (PBCRGs) in the country, further attracting domestic and international climate finance. LoCAL is aligned with Malawi's National Climate Change Investment Plan, the National Climate Change Management Policy, the nationally determined contributions, and as well as the national adaptation plan process. The objective and outcomes will be addressed through three outputs:

- Increase awareness of and capacities to **respond to climate change at the local level**
- Implement **mainstreaming of climate change adaptation** into government's planning and budgeting systems and investments in line with the PBCRG mechanism
- Effectively and sustainably establish the PBCRG system, leading to an **increased amount of climate change adaptation finance** available to local government and local economy



achievements

- UNCDF, with financial assistance from the European Union and the Government of Sweden, has supported the Government of Malawi in **designing a performance-based climate resilience financing mechanism** to support subnational climate change adaptation as a top-up to the recently introduced general performance-based grant under the Governance to Enable Service Delivery Project.
- Following the design phase, UNCDF worked closely with the Government of Malawi—particularly the Ministry of Natural Resources and Climate Change (MONRCC), the National Local Government Finance Commission and the Ministry of Local Government—to **validate the design note and identify potential funding sources to activate the mechanism**. A contribution from the Government of Sweden enabled a letter of agreement to be signed with MONRCC in its capacity as Malawi's climate change focal point. The letter of agreement aims to provide the ministry with **operational budget support to execute LoCAL-specific tasks**, such as capacity-building support to target districts on climate information, mainstreaming and resilience planning tools, as well as sensitization of communities on climate change adaptation and on LoCAL. It also will support identification and updating of LoCAL performance measures in the overall performance assessment system, the development of concept notes and funding proposals building on the LoCAL mechanism, and support promotion of vertical integration via LoCAL in climate-related policies, legislative documents, regulations and guidelines.
- Also with Swedish support, a **letter of agreement was signed with the National Local Government Finance Commission**—the LoCAL host and coordinator in Malawi—for overall execution of LoCAL-Malawi, coordination of capacity development activities at the central and subnational levels, advice on LoCAL-related aspects of the general performance-based grant system, support to overall operations, updating of guidelines, and monitoring and reporting on activities and inspection of compliance by participating districts.



Malawi



achievements

- The **Nkhotakota, Phalombe and Mwanza districts were selected to launch the pilot**; the PBCRG will constitute a top-up of 13 percent of their normal allocation. The total transfer for the first year of the pilot is \$410,000, which will be sent directly to the districts through the National Local Government Finance Committee.
- Through a facilitated process involving assessments, planning, and capacity building, the three districts—Mwanza, Mulanje, and Nkhotakota—have developed **local climate investment plans and budgets geared towards fostering a green and climate-resilient economy**. These strategic investments encompass a diverse range of initiatives, including the construction of solar-powered irrigation schemes for domestic and agricultural purposes, the establishment of small bridges and drainage systems, and implementation of afforestation programmes.
- A **dedicated LoCAL account has been opened at the national level**. At the same time, all the three piloting districts have successfully opened a dedicated LoCAL account to facilitate transparency and accountability of financial transactions for climate adaptation projects. The National Local Government Finance Committee has also supported the creation of Integrated Financial Management Information System codes specifically for LoCAL in order to track expenditures and verification.
- A **national LoCAL workshop** was conducted in the Salima district targeting key government ministries, district staff and members of the technical committee on climate change. The aim of the workshop was to sensitize participants on LoCAL and how the mechanism will be aligned with the general performance-based grant system implemented by the Government of Malawi.
- A **LoCAL implementation manual** was developed for use by key ministries. Additionally, LoCAL annual performance assessment guidelines were developed; these cover the LoCAL-specific indicators that will be embedded in the general Local Authority Performance Assessment Manual and will enhance full integration of climate-specific indicators into the overall performance-based grant system.
- **LoCAL gained increased political support from the Government of Malawi**, in particular from the former Minister of Natural Resources and Climate Change, who now serves as Minister of Foreign Affairs and who has joined the network of LoCAL Ambassadors and signed the LoCAL Ministerial Declaration. This official has also participated in several LoCAL events, including COPs, to highlight LoCAL's potential as a broker for increased climate finance for locally led adaptation in developing counties, particularly the least developed countries.



adaptation measures and investments

A total of **six climate investment priorities have been identified and are under implementation**. These projects seek to enhance the livelihoods of vulnerable people, improve road accessibility and improve access to potable water. They include rehabilitation of old and construction of new irrigation, a solar-powered borehole system, afforestation and construction of culverts. A total of 7,827 people (48 percent female) are expected to benefit from these projects.



way forward

- LoCAL-Malawi will support the Government of Malawi, through the Ministry of Natural Resources and Climate Change, to conduct local climate risk assessments in selected districts to facilitate the identification of climate projects. The adaptation priorities identified through this process will be eligible for funding using the PBCRGs.
- LoCAL will continue exploring partnerships to allow scale-up of PBCRGs and capacity building to additional districts. LoCAL has partnered with the Government of Malawi and the United Nations Environment Programme to develop a joint concept note for submission to the Adaptation Fund.
- At the end of the first PBCRG cycle, an annual performance assessment will be conducted for the three pilot districts. Based on its findings, capacity-building initiatives will be developed to support any weaker areas identified.
- LoCAL will continue to support the Government of Malawi in resource mobilization efforts, including through development of funding proposals to vertical funds and/or bilateral donors.



Mali



context

Mali, like many other countries in West Africa, has been **hit hard by the effects of climate change**. Projected climate scenarios indicate that by 2100, the average temperature in Mali could increase by about 0.2°C per decade and rainfall decrease by 10 percent. A predominantly arid country, less than a quarter of Mali’s land is suitable for cultivation. Land degradation, and the dependence of the country’s farms on rainfall, make Mali extremely vulnerable to random climatic events.

Mali’s 2019–2023 Strategic Framework for Economic Recovery and Sustainable Development aims to **ensure a healthy environment and strengthen resilience to climate change**. Malian authorities are thus facilitating better integration of climate challenges in planning processes at the national and local levels; and building the population’s capacity to increase resilience to the effects of climate change by incorporating adaptation measures, primarily in the most vulnerable sectors. Mali’s intended nationally determined contributions prioritize the transition towards a green and resilient economic pathway.



objectives

LoCAL-Mali aims to demonstrate and highlight the **role of commune authorities in promoting local climate change adaptation/resilience measures** by integrating climate funding in budget transfer mechanisms and in the planning/allocation of local resources. The Environment and Sustainable Development Agency (Agence de l’Environnement et du Développement Durable—AEDD), which serves as the national designated authority, is responsible for administering LoCAL in partnership with the other members of the National Steering Committee, using the Local Authorities National Investment Agency (Agence Nationale d’Investissement des Collectivités Territoriales—ANICT) structure to finance the communes. This is done with technical support from UNCDF and under the general direction of the Ministry of Territorial Administration and Decentralization.



achievements

- Launched in Mali in 2014, **LoCAL was initially deployed in two communes** in the Kayes region, Sandaré and Simby. **Four cycles of performance-based climate resilience grant (PBCRG) cycles** were completed and successfully evaluated. The Government of Mali has granted financing through AEDD to LoCAL since 2016 and pledged further support over the next years.
- A design document for **LoCAL Phase II** was drafted and presented to relevant in-country partners and stakeholders in 2020. It aimed at stronger alignment of the LoCAL PBCRG system with the Fonds National d’Appui aux Collectivités Territoriales (FNACT) managed by ANICT. This design guided implementation of the fourth PBCRG cycle, **targeting two new communes** in the Mopti region—Dandougou Fakala and Pignari Banafour—in addition to the original communes of Sandaré and Simbi.
- This extension was made possible through the development of a **joint programme between the United Nations Industrial Development Organization (UNIDO) and UNCDF** in 2019; the programme aimed to support risk management and mitigate inter-commune conflicts through the PBCRG system, and was funded through the UN Peacebuilding Fund (PBF).
- Under PBF, **new partnerships were forged with subnational partners**—including the Regional Development Agency of Mopti, supporting the two new LoCAL communes in adaptation planning, budgeting and implementation of PBCRG-financed investments—and a local non-governmental organization supporting all four communes in establishing community-based solutions to prevent conflicts over natural resources and promote social cohesion.
- ANICT was nominated as the country’s national implementing entity and is **pursuing efforts for accreditation to the Green Climate Fund (GCF)**, with a view to scaling up LoCAL. In 2019, UNCDF signed a letter of agreement with ANICT to provide technical and financial assistance to ANICT and AEDD to support Mali’s GCF accreditation.
- UNCDF reached an agreement with United Nations Development Programme—Mali in 2023 for implementation of a **climate security project** in the Koulikoro region, with PBCRGs reaching two supplementary communes through financing from the Government of Belgium. Activities will start in 2024.
- Through LoCAL, a **nationwide climate risk assessment** was initiated in 2020. The exercise provided critical science-based data to drive adaptation planning at the local level, building on **downscaled models** highlighting climate change trends to 2060. It further served as a basis for a report detailing current and projected climate risks considering exposure and localized vulnerabilities across priority sectors. This **climate risk and vulnerability assessment report** was finalized and validated by the National Adaptation Committee in 2022.
- Mali, along with Burkina Faso, Côte d’Ivoire and Niger, is included in a **joint UNCDF–West African Development Bank (BOAD) proposal to be submitted to GCF**. If approved, this will enable LoCAL scale-up in 25 additional communes in Mali and will include a component on private finance mobilization to test a blended finance model adapted for local adaptation finance.



Mali



adaptation measures and investments

Since its implementation, LoCAL-Mali has financed **46 local adaptation investments in the Kayes and Mopti regions, accounting for about \$416,000 and directly benefiting more than 70,000 people**, mostly women. Interventions financed included forest rehabilitation; setup of market gardening plots for women’s groups, equipped with supplementary pools, hedges and wire fencing, and solar panels to provide energy to an automated water pump; resilient seeds provision; a fish farm project, with two ponds and a well to ensure a steady supply of water. Grants were also used to build women’s capacities, with trainings in agricultural techniques, and procurement of agricultural inputs and seeds. All stakeholders—elected leaders, beneficiaries, officers of decentralized state services—have been sensitized and trained.



lessons learned

- Recent shifts in the national political context and constraints on the ground have temporarily delayed the transition from Phase I to Phase II. After dialogue with national counterparts, it was decided to **pause fund transfers to communes in 2023** to allow time to support application of corrective measures identified during the fourth annual performance assessment at all levels (communes and national institutions), to streamline the mechanism and remove institutional bottlenecks, and to finalize lagging investments. A new assessment is scheduled for early 2024 to evaluate progresses and better adapt the mechanism to the national and local contexts, thus improving results in the communes. Implementation of new investments will start at the end of this process.
- Despite difficulties encountered—especially in terms of security—communes continue to demonstrate **strong civic engagement and a responsive attitude**. All key stakeholders—including the mostly female beneficiaries—are actively engaged, while commune councils continue to spearhead the local development efforts. **Field presence and partnerships with local stakeholders will be critical** to ensure proper application of the PBCRG methodology in the coming year, as communes remain highly dependent on technical support and assistance from the state and service providers and on external funding.
- Stakeholders and national policies remain supportive and aligned with adaptation objectives and the need to build population resilience in climate-vulnerable areas. Encouraging **synergies between national stakeholders** will be key to drive implementation and continue building capacities in 2024.
- **Sustainability and prospects for scale-up** rely on several factors including follow-up and coordination between LoCAL and national counterparts; technical and operational support from LoCAL at the regional and central levels; clear allocation of resources to the communes to address and implement climate adaptation activities and allowing for modification; strong ownership by commune councils and beneficiaries; and positive synergy between the actors.
- UNCDF **should continue to play its strategic role at the national level**, reinforcing coordination and partnership building; and ensuring a positive collaborative spirit between national partners as well as the communes engaged in the mechanism.
- A **strengthened level of technical support will have to be provided by and to the decentralized state services** and their related structures, while capacities of local service providers and contractors will need to be improved.
- **Synergies between other actors as well as projects and programmes in the targeted areas and at national level shall be encouraged**. UNCDF will further need to stimulate political support from the government and alignment of the LoCAL mechanism to ongoing reforms to increase the level of transfer of capacities and resources to the decentralized level, while audits and inspections of public funds are strengthened.



way forward

- Update and clarify the mandates of the different institutional stakeholders taking part in LoCAL-Mali to ensure better common understanding of the mechanism for an inclusive, effective and facilitated transition to Phase II, which is scheduled for after 2023. This exercise should lead to the integration of contextual improvements, notably in the existing menu of eligible investments, as well as clarification of the minimum conditions and performance measures for access to the PBCRGs. The reformatted design will need to be broadly disseminated and publicized.
- Conduct this redesign in parallel with finalization of lagging activities by targeted municipalities (Sandaré) and provide needed capacity building and technical assistance to ensure correct application of the corrective measures identified during the last annual performance assessment by the different stakeholders (communes and national institutions).
- Conduct a new annual performance assessment. Successful termination of the annual performance assessment process should lead to implementation of a new cycle of PBCRG investments in targeted communes in 2024.



Mozambique



context

Mozambique’s location in the Inter-tropical Convergence Zone makes it **particularly susceptible to extreme climate phenomena** such as El Niño and La Niña, that bring droughts, floods and cyclones on a regular basis. Its coast forms the western border of the world’s most active tropical cyclone basin, the Southwest Indian Ocean, which produces about 10 percent of all cyclones. Available data and climatic models indicate a steady increase in the severity and frequency of these events over the last 30 years with a similar forecast for the future. Data from the Institute for Disaster Relief show that, between 1985 and 2008, over 16 million people were affected by droughts and over 100,000 people died as a result.

Between January and May 2019, the country was hit by unprecedented, consecutive, tropical cyclones Idai, Kenneth and Desmond, displacing tens of thousands of people and destroying infrastructure and livelihoods. Cyclones have affected almost a third of the country, especially the coastal provinces and those close to them. The adverse effects of climate change in Mozambique undermine government efforts to reduce poverty, improve food and nutritional security, expand infrastructure and services and reach the targets set out in the Sustainable Development Goals.

The decentralization process in Mozambique has been a combination of **decentralization and deconcentration with a gradual transfer of responsibilities, personnel and funding** to the municipal level as well as to the more deconcentrated levels of provincial and district governments. A constitutional amendment allowed the entry of new decentralized and deconcentrated hybrid bodies and districts to remain under the central government until 2024, when new general elections will be held. These bodies will maintain the functional liaison of the districts until 2024 and will be the face of the central government at the local level. The laws also assign detailed competencies to the district level in a large number of functional areas—notably, emergency services; preservation of the environment; commerce and industry; water supply; education; health; natural resource management; energy resources; transportation and public transit, participatory local development; public services; public works; and recreation, culture and tourism. Many of these sectors figure prominently in climate change adaptation.



objectives

The overall outcome of LoCAL-Mozambique is to improve the resilience of districts and municipalities to climate change as a result of increased access to climate change adaptation financing through performance-based climate resilience grants (PBCRGs). **Five specific outputs** contribute to the achievement of this overall outcome, along with rural livelihood development interventions:

- An effective PBCRG system established as a finance mechanism in Mozambique and operational for additional funding
- Inclusive, effective and accountable climate change planning and budgeting processes at the district/municipality level
- Climate change adaptation activities managed efficiently, effectively and transparently and implemented by participating districts through the PBCRG system
- A monitoring and evaluation system and lessons learned to inform national policies about experiences from the LoCAL launch and integration of climate change in all stages of public financial management processes and improvement of public financial management
- Completed roll-out plans and capacity-building support for new districts/municipalities in new province(s) established by the end of the programme



achievements

- Since its launch in 2014, LoCAL has been **reinforcing the government-led planning, budgeting and investment cycles** to finance local adaptation plans and, more broadly, implementation of district development plans.
- As of 2023, Mozambique had **upscaled its development interventions in the provinces of Gaza, Inhambane, Nampula, Zambezia—covering 40 climate-affected districts** with resources to finance adaptive development infrastructure for local development. The donor community base has grown beyond the initial support of the Belgian Development Cooperation to include the Governments of Sweden, Catalonia, Switzerland and the European Union (EU) to cover the 2023–2027 period. It is expected that with EU Delegation support, LoCAL will be implemented in the provinces of Cabo Delgado and Sofala, as well as in the Nampula and Zambezia regions.
- LoCAL’s implementing partners—the Ministry of Economy and Finance, through the National Directorate of Planning and Budget, and the Ministry of Land and Environment through the National Directorate of Climate Change—have supported **policy dialogue among the development partners and donors** to consolidate LoCAL-driven experience in five provinces for 2023–2027.



Mozambique



achievements

- In 2022, the Government of Mozambique requested LoCAL to develop an initiative to **expand the mechanism** to all local district governments and municipalities in the country. This indicates a high degree of ownership and accountability on the part of the local governments, which have been planning, managing and being accountable for the financial resources decentralized through its systems, procedures and decision-making authority processes.
- The adaptive development infrastructure finance through the LoCAL initiative is in compliance with existing environmental public policies and legislation—i.e. **environmental impact assessments** are carried out prior to finance social, economic, adaptive development infrastructure.
- LoCAL is currently the only mechanism in Mozambique channelling decentralized climate finance through SISTAFE, the public management finance system, directly to local governments, where **decisions on the use of funds are made at a decentralized level** with active citizen involvement. It has been adopted by all tiers of government, and is fully integrated within the Provincial Service of Economy and Finance and the participating local governments in Gaza and Inhambane.



lessons learned

Good practices that support climate-adaptive, local government–led development interventions include the following:

- The **LoCAL initiative is embedded and integrated** within the government structures at all levels—i.e. the National Directorate of Environment (the Ministry of Land and Environment, the Provincial Directorate of Land and Environment) and the participating local governments.
- The coordinating role of the **decentralized technical assistance teams embedded in the provincial governance structures** ensures improved effectiveness and efficiency at all levels of government and with development partners.
- **Ongoing local government capacity development interventions**, combined with renewed dialogue with and through the district consultative councils, enhances climate-resilient, participatory and inclusive governance and development.
- The capital investment projects respond directly to the needs and priorities of the citizens. There is a **participatory, inclusive and transparent process in place** for identifying and prioritizing investments.



way forward

- UNCDF, through the LoCAL development initiative, has signed an MOU with the Government of Mozambique to decentralize \$22 million over the 2015–2027 time frame through the local government systems and decision-making authorities’ processes, taking into consideration the governance development tools -Local Adaptation Plans and District Development Plans- to ensure localized management, ownership and accountability.
- Capacity development interventions to enhance local government capabilities to manage, implement and account for decentralized climate finance are anchored to the provincial governance structures—i.e. the Provincial Service of Economy and Finance and the Provincial Services of Environment.



Nepal



context

Despite its relatively small size, Nepal has **very diverse climatic conditions**. Over 80 percent of the country's population depend on agriculture and forest resources for their livelihoods, which makes the Nepali people highly vulnerable to climate change. Climate change impacts projected for the country include significant warming, particularly in the middle hills and at higher elevations, leading to reductions in snow and ice coverage; increases in climatic variability and the frequency and intensity of extreme weather events, including floods and droughts, and in areas with no past history of such events; and changing precipitation patterns (increase in regional precipitation during the wet season, decrease in precipitation in the middle hills, shortened monsoon, longer dry spells). Like other Himalayan populations, the Nepalese live in areas with a high risk of floods, soil erosion and landslides. Increased snow melting rates will further exacerbate the risk of glacial lake outbursts and their related flash floods.

As part of its national adaptation plan (2021–2050), a **framework was established to integrate adaptation across sectors and levels of government**. Similarly, Nepal formulated the Climate Change Policy (updated in 2019), which provides a framework for climate actions in the country. It has also initiated a local adaptation plan of action framework as a way through which climate change adaptation may be localized. The national adaptation plan acknowledges the role of provincial and local governments to address climate change adaptation and to contribute to achieving national goals; this provides an important entry point for LoCAL to continue its support of local governments and communities in climate change adaptation.



objectives

The aim of LoCAL-Nepal is to demonstrate the **role and ability of local government in promoting climate change resilience investment** through mainstreaming climate finance into the intergovernmental fiscal transfer system and local planning and budgeting process. This is expected to result in:

- **Increased awareness** of climate change and potential adaptation/resilience-building responses among local government and communities
- **Modalities for mainstreaming climate-resilience investment** in local public expenditure management systems tested and available for scale-up
- **Strengthened local government capacity** for climate change resilience/adaptation through improving planning and budgeting, financing and implementation, considering gender equity and social inclusion
- Designed and tested **arrangements for tracking and reporting** on climate change adaptation expenditures at the local level



achievements

LoCAL-Nepal **Phase I** ran from 2014 to 2017, targeting two districts (Dhading and Rupandehi).

- LoCAL **stakeholder mapping, implementation guidelines and capacity development plans** were prepared through district- and village-level stakeholder consultations and transferred to local authorities through workshops and trainings benefiting 142 officials and staff.
- Two investment cycles with 60 small-scale adaptation measures were financed in the pilot districts, which together have a population of almost 50,000.
- Following the pilot phase, UNCDF, under the umbrella framework of the Ministry of Federal Affairs and General Administration's Environmental Friendly Local Governance (EFLG), designed an **EFLG Transition Support Plan to continue LoCAL jointly with the Poverty-Environment Initiative (PEI)** of the United Nations Development Programme–United Nations Environment Programme. The transition plan took into account Nepal's changed political context as it moved from a unitary to a federal structure.
- During the transition, **two new districts—Kavre and Sindhuli—were selected based on their high vulnerability to climate change** and included in the EFLG plan. All 22 municipalities within these two districts have been covered. For 2017/2018, the Government of Nepal provided about \$500,000 in additional grants for climate-resilience activities in these municipalities.
- Given the limited investment grants available, LoCAL provided capacity development support to the 22 local governments to **better plan and utilize their own resources for climate change adaptation/resilience projects**. About 500 people were trained on the planning and budgeting process and financing for climate-resilience investment projects. Training beneficiaries included mayors, deputy mayors, municipal officials and representatives of community-based organizations and non-governmental organizations. In partnership with Tribhuvan University, LoCAL financed the development of EFLG baseline data in Kavre and Sindhuli covering all 22 local governments.



Nepal



achievements

- A stocking-taking mission was undertaken in 2019 to gauge interest in and potential for a follow-up LoCAL programme for Nepal and in supporting the performance-based climate resilience grant (PBCRG) mechanism in a federal context. This resulted in a concept note, developed with support from UNCDF, for a **LoCAL-Nepal Phase I**. The concept note was designed to be fully aligned with the country's climate change policy, financial systems for local governments, and related institutional and regulatory frameworks. The concept note was updated in 2022 and endorsed by the Government of Nepal.
- An in-depth **country design note was finalized in 2023 and will allow LoCAL deployment in Nepal within the federal context**. The design will consider experiences and lessons learned from LoCAL Phase I and other initiatives on climate finance for subnational governments. It will establish a clear path for institutionalizing the PBCRG system and complementary municipal finance instruments for leveraging climate finance for locally led adaptation in Nepal.
- In 2023, the **Government of Australia committed some \$650,000** to support the roll-out of the LoCAL mechanism in the country, based on the revised design document.



lessons learned

- Experience shows that **capacity-building support has a more significant impact when it is combined with strong incentives and additional funding** for investments and service delivery, especially when it comes to addressing new or often less-known challenges and innovations.
- The **awareness and engagement of communities and local governments led to the prioritization and allocation for climate-resilience investments**: 22 local governments in Kavre and Sindhuli invested NPR 191.9 million for the environment and climate change in 2017/2018, which is over two and half times the central government transfer of NPR 53.9 million for the same purpose. This demonstrates that a reasonable-size grant backstopped by technical support can encourage local governments to invest more in climate-resilience investments. This early work did not include the performance-based elements of the grants and annual performance assessments, which will be a new innovation under the proposed programme.



way forward

- LoCAL will continue to advocate and closely partner with key stakeholders such as the Ministry of Forest and Environment, the Ministry of Federal Affairs and General Administration, and the Ministry of Finance. LoCAL will also continue to support Nepal in mobilizing resources for scaling up the mechanism (Phase II), including by developing funding proposals at the regional and country levels.
- Nepal is one of five target countries covered under a UNCDF–United Nations Development Programme joint effort on Strengthening the Governance of Climate Finance to Promote Inclusive Climate Resilience in Asia Pacific. As such, it will receive targeted technical assistance and capacity-building support to deploy the LoCAL mechanism in the target municipalities, while ensuring quality and LoCAL standards. Support will also be provided by the Government of Australia's Department of Foreign Affairs and Trade, which committed a top-up of its current contribution of about \$650,000. Negotiations with the UK Foreign, Commonwealth & Development Office for a possible contribution to LoCAL efforts in Nepal.



Niger



context

Niger, like other countries in West Africa, has been hard hit by the effects of climate change, and addressing these is a central plank of LoCAL’s commitment in the country. Climate change in Niger is evidenced by, among other factors, a reduction in average annual rainfall, combined with limited temporal and geographic distribution when it does occur; increasingly high temperatures; more frequent periods of drought; marked deterioration in soil quality; and greater ecosystem fragility. The degradation of land potentially suitable for cultivation and the dependence of the country’s farms on rainfall make **Niger extremely vulnerable to random climatic events**.

Drafted in 2013, the **National Policy on Climate Change** aims to contribute to sustainable development by reducing the negative impacts of climate change. Specifically, it seeks to strengthen the population’s capacity for adaptation and the resilience of ecological, economic and social systems in relation to climate change; and to incorporate climate change into planning tools for socioeconomic development actions at the national, regional and local levels.

Decentralization in Niger provides for two levels of local authority—the commune and the region—which are administered by elected councils. Both are legal entities and have financial autonomy, with their own budget, staff and estates. Communes have general powers to provide public services that meet the needs of the population and that do not fall under the jurisdiction of the state or region. Further, the state has the authority to transfer, through devolution decrees made by the Cabinet, a wide range of specific powers—covering, among others, the environment and management of natural resources. Budget transfers from the state are handled through three mechanisms: the Decentralization Support Fund, the Cross-Subsidization Fund of the National Agency for Local Authority Funding (Agence Nationale de Financement des Collectivités Territoriales—ANFICT) and taxes reassigned by the state.



objectives

LoCAL-Niger seeks to demonstrate and **highlight the role of communes in promoting local climate change adaptation/resilience measures** through integrating climate funding in budget transfer mechanisms and the planning and allocation of local resources. More specifically, it aims to:

- Strengthen technical and institutional capacities in the pilot communes to ensure better local governance of adaptation to climate change
- Enable communes to create infrastructure and local services which are resilient to climate change through targeted funding
- Promote increased awareness among commune councillors and local communities about the impact of climate change phenomena and the relevance of a territorial approach to adaptation/resilience



achievements

- Two communes in the Dosso Region—Sokorbé and Dogon Kyria—were selected for the **LoCAL-Niger pilot in 2015**. Based on the pilot experience, in 2017, a stocktaking exercise and national workshop brought together all stakeholders engaged in LoCAL, including mayors, deconcentrated services and central-level ministries and agencies. This exchange provided strategic direction for Phase II, the design of which was completed over the next year. The three-year pilot phase paved the way for LoCAL Phase II to fully integrate the performance-based climate resilience grant (PBCRG) model into the treasury’s fiscal transfer system; this has been partially implemented so far.
- Through the NDC Partnership and the Italian Fund for Migration, LoCAL-Niger secured funding for **implementation of Phase II in nine communes in three regions** (seven new pilot communes in addition to the original two) in 2020. LoCAL communes used community contracting schemes to create short-term income-generating opportunities and to involve the community in implementation of resilience-building interventions. In three communes in the Tahoua and Zinder regions, the Italian Fund for Migration matched the provision of financial and non-financial services with cash-for-work activities to help vulnerable individuals build their credit history.
- A **One UN Peacebuilding Fund (PBF) agreement in 2022, implemented in cooperation with UN Women and the United Nations Population Fund**, has enabled 3 more local governments to implement LoCAL, raising the total to 12. Under the agreement, selected local governments are testing cash-for-work schemes to implement prioritized adaptation interventions, and promote the financial inclusion of migration and conflict-prone vulnerable groups.
- **UNCDF signed a second PBF agreement in 2023 together with the Food and Agriculture Organization of the United Nations** to support climate security, resilience, and community stabilization in the north in the Maradi and Zinder regions. This will extend the scope of LoCAL implementation to 15 local governments.
- **ANFICT officially requested LoCAL assistance in pursuing GCF accreditation**. Accreditation will grant Niger direct access to international climate finance and provide an opportunity to scale up LoCAL country-wide in line with government priorities. UNCDF supports ANFICT to access GCF readiness financing to accompany its accreditation process, with UNCDF as delivery partner.



Niger



achievements

- As Niger began piloting localized climate risk assessments, it **established systems to enable local governments to collect, archive and analyse meteorological, climate and socioeconomic data** and to undertake local climate projections to inform their planning. In collaboration with the NDC Partnership, UNCDF expanded on this effort in 2020 by developing a country report on climate risk and vulnerability assessment which incorporates a local dimension and indicators. The report was finalized in 2021 and submitted for endorsement as a key deliverable for the nationally determined contribution (NDC) revision process.
- Niger is one of the West African countries (along with Burkina Faso, Côte d'Ivoire and Mali) included in the **joint UNCDF–West African Development Bank (BOAD) funding proposal for submission to the Green Climate Fund (GCF)**. The joint proposal aims to help identified local authorities increase their access to funding for adaptation through a combination of dedicated grants and technical assistance throughout the planning, implementation and reporting cycle to develop, finance and implement investments aligned with the NDCs and local needs.



adaptation measures and investments

Since inception, **LoCAL-Niger has financed 87 adaptation investments in 12 communes** in the Dosso, Zinder and Tahoua regions. These investments included rehabilitation of degraded land using semicircular bunds to combat erosion and tree planting, allowing for greater soil infiltration and thus better supporting plants' water needs; establishment of a management committee to make infrastructure sustainable, protect the site and ensure equitable benefits for beneficiaries; contracts signed with nurseries to supply improved seedlings; and rehabilitation of water wells for increased water storage capacity, well protection from climate variation and to help village women fetch water more easily. Part of this work was carried out by local populations under a cash-for-work programme.

As in previous years, **several capacity-building activities targeting elected leaders, community agents and civil society were conducted in 2023**. These notably included training sessions for mayors and technical departments on the LoCAL approach (PBCRGs, annual performance assessment, investment menu etc.). Participants also received training on communal project management and the ANFICT financing cycle. Other sessions targeted sensitization of mayors, communal agents and support teams on good governance and localization of the NDC and the national adaptation plan.



lessons learned

- As the impact of climate change is local and affects multiple sectors, it is important to **allow local authorities to choose the priority activities** to be funded by LoCAL grants on a consultative basis. A local adaptation action programme, informed by climate risk assessment, must therefore follow on from the list of indicative investments developed when the programme was first established.
- It is essential to design a **funding channel for LoCAL grants that is fully aligned with the existing system of intergovernmental transfers**. The Phase II design achieved this through alignment with the ANFICT circuit. Funds must be fully integrated with other resources available locally to ensure a progressive acclimatization of regular municipal budgets.
- Capacity building provided to LoCAL pilot communes enabled them to plan and implement climate resilience actions from their annual investment plans and ensure their sustainability, thus demonstrating the **importance of capacity-building support to ensure impactful and effective climate change adaptation measures** at local level.
- Faced with political challenges, the **LoCAL approach should remain flexible** enough to ensure timely delivery of PBCRGs, in favour of most-affected communities.



way forward

- In 2024, a temporary modification of the financial cycle should enable 15 communes to benefit from enhanced access to climate finance through PBCRGs and receive targeted capacity building.
- Efforts will continue on consolidating Phase II and moving towards further LoCAL scale-up. Resource mobilization efforts will continue (e.g. the UNCDF-BOAD GCF proposal).
- ANFICT will continue to be supported as it seeks GCF accreditation for direct access to international climate finance.
- LoCAL-Niger will participate in the ongoing national adaptation plan process to support verticalization of national adaptation objectives.
- In coordination with country stakeholders, LoCAL-Niger will implement an integrated cost-benefit analysis of selected adaptation options to inform potential nationwide and local adaptation strategies.



Pakistan



context

Pakistan ranks among the quartile of the world's countries which is most vulnerable and least ready to deal with climate change. The need for adaptation and mitigation measures was illustrated by the 2022 floods—termed the largest climate change disaster in decades—which displaced hundreds of thousands of people and caused additional damage estimated at \$30 billion.

The brunt of the impact of climate change is felt by people at the local level, and especially by those most vulnerable—often cumulating structural inequalities. The **newly established local government tehsil councils** are responsible for their community's well-being and livelihoods. For them, as in many countries around the world, climate change is a new and perplexing issue, and there is insufficient guidance—and limited intergovernmental fiscal transfers—for response.

Between 2018 and 2021, **Khyber Pakhtunkhwa (KP) province worked to design a climate change policy, action plan and financing framework and to push for decentralization reforms.** In the process, a key role was identified for local governments for several aspects of adaptation and mitigation activity, including the conservation of water resources, disaster preparedness, agriculture and land use planning. However, there is not much evidence that climate change—relevant functions have been devolved to local governments through the 2019 Local Government Act. Although approved, the rules of business and other regulatory instruments are seldom implemented at the local level. At the departmental level, a policy/implementation disconnect can be observed horizontally and vertically. Thus, the stated climate action ambition of the KP Government is neither adequately reflected in sector plans and provincial development budgets nor adopted by subprovincial (local) governments. Nonetheless, local councillors and staff play an important role in mobilizing communities and resources for climate action. Further, by virtue of their multisectoral and area-based mandates, local governments represent potentially useful institutions within which to coordinate climate change adaptation processes in their jurisdictions. With the publication of Pakistan's national adaptation plan and enactment of flood response programmes, new momentum was created over 2023.



objectives

With GIZ support, UNCDF seeks to pilot a performance-based climate resilience grant (PBCRG) mechanism which will contribute to demonstrating the role of local governments in driving resilient and sustainable local development. The LoCAL PBCRG system channels climate-earmarked development funding into existing intergovernmental fiscal transfer systems and monitors their allocation for locally led climate action. The pilot has two outcomes: (i) increased local government access to climate finance to implement climate change adaptation investments and (ii) piloting of a standard mechanism to channel climate finance and increase local resilience through a PBCRG. The specific outcomes for the KP province's Local Government, Election & Rural Development Department are:

- Enhanced use of climate-related data in tehsil decision-making on local adaptation plans of action
- Increased intergovernmental coordination on preparing tehsil adaptation plans of action (adaptation mainstreaming)
- Guidelines handbooks developed and support provided for monitoring and evaluation of local authorities to enable iterative adaptation and continuous learning and improvement
- Enhanced climate mainstreaming in operational procedures (preparation of project proposal, procurement processes and climate change tagging of expenditures)
- Increased capacities of officers on monitoring implementation of PBCRG activities



achievements

- In 2023, **LoCAL-Pakistan was successfully designed.** Implementation of the LoCAL PBCRG requires an appropriate political and institutional environment in which to operationalize intergovernmental grant transfers, politically approved development plans, allocation formulas, and enforced rules of business for monitoring and reporting for both internal audits and citizen accountability.
- **Selection criteria** for the pilot tehsils are (i) approximately 300,000 inhabitants in the tehsil, with a rural dominance; (ii) ease of access to the area for the UNCDF field officer; (iii) the presence of GIZ programmes for complementary support; and (iv) clear interest and political readiness of the tehsil local government to participate.
- **Minimum conditions** for participation include the following: the tehsil local government has nominated a climate change focal point, the local government accounts committee has been notified and a qualified financial officer is in place (position filled), and a special bank account for PBCRG funds has been established. Additionally, the tehsil must demonstrate climate-informed investment decisions in its council-approved adaptation plan, and budgeting must evidence elements of participation and inclusion.



Pakistan



lessons learned

Adaptation measures and investments are to be identified during a **capacity development exercise on mainstreaming climate change into local government planning and budgeting systems**.

This preparatory activity is at the core of the LoCAL mechanism and is vital for quality project implementation. Trainees will cover five modules in a series of sessions, addressing specific capacity gaps and information needs. Specifically, **councillors and staff will be trained** in (i) basic principles of public financial management (aligned with the current system) and participatory planning tools, (ii) the LoCAL mechanism and the basics of climate change, (iii) gender and climate change mainstreaming into planning and budgeting, (iv) making a climate risk assessment and (v) developing a climate change–informed investment proposal and monitoring and evaluation.



way forward

- Preparatory activities led by UNCDF will support the tehsils in climate change risk assessments prior to budget preparation for FY24–25.
- Proposed performance measures will be discussed with the relevant provincial departments and pilot tehsils.
- Tehsil councillors and staff will take gender into account in their climate adaptation planning, budgeting and implementation.
- Determine whether tehsils have prepared an annually updated climate change risk assessment to serve as the basis for relevant climate change adaptation measures and a climate-informed investment plan.
- Beginning in Year 2, measure the quality of PBCRG implementation.



Solomon Islands



context

Solomon Islands, located in the Pacific, is home to around 721,455 people. It is **one of the most vulnerable countries in the world to climate change**. Changing weather patterns are predicted to affect its communities in different ways, including loss of agricultural production and food security, water stress and insecurity, rising sea levels and exposure to climate disasters, changes to ecosystems and loss of biodiversity, and human health.

Given the context of climate vulnerability and risk in Solomon Islands, LoCAL-Solomon Islands addresses climate change adaptation and resilience measures, climate-related disaster risk reduction and disaster preparedness measures.



objectives

With support from New Zealand and the European Union, UNCDF-LoCAL will assist Solomon Islands' local communities in becoming more resilient to climate change through performance-based climate resilience grants (PBCRGs), accompanied by technical and capacity-building assistance to local governments to deliver action on climate change. LoCAL will work through the country's performance-based grants system for provincial governments, the Provincial Capacity Development Fund (PCDF).

LoCAL will strengthen the resilience of Solomon Island communities to climate change and disasters by supporting provincial governments to enhance local-level climate adaptation interventions, with the establishment of an effective, performance-based, inclusive and sustainable financial mechanism. The outcomes of the programme will be:

- Increased provincial government access to climate finance to implement climate change adaptation investments equitably in Solomon Islands
- A stronger, more inclusive and sustainable, transparent and performance-based mechanism in the Solomon Islands for funding climate resilience projects, supported by multiple donors.



achievements

In 2023, UNCDF secured funding from development partners New Zealand and the European Union to initiate LoCAL in Solomon Islands. In the early inception phase in 2023, provincial governments received introductory training on LoCAL, public financial management, and risk-informed development and safeguards. UNCDF also advanced the LoCAL framework by finalizing an agreement with the Government of Solomon Islands for the transfer of PBCRGs, and completing core guidance including an investment menu.



lessons learned

PCDF provides a strong platform for the delivery of PBCRGs, and has developed a strong capacity to administer performance-based grants at the local level. Arrangements for LoCAL have been integrated into PCDF's existing frameworks, including an operational manual, a performance assessment manual, and budgeting and reporting frameworks.



way forward

- LoCAL will work through PCDF to empower all nine provincial governments to integrate climate change adaptation into their work, including through adaptation planning, and funding climate change adaptation projects, including local infrastructure and services.
- LoCAL will support PCDF sustainability and strengthen its ability to support local-level adaptation. It will build on the current system by introducing more systematic analysis of climate change vulnerabilities; it will support vulnerability and risk assessments at the provincial level to identify the highest-priority investments for adaptation, with due consideration of the most-vulnerable groups.



Tanzania



context

Tanzania’s economic growth depends on its environmental and natural resources, with more than 80 percent of the population dependent on them for income generation and livelihoods. Critical challenges threaten these resources, including their unsustainable harvesting and use, unchecked cultivation practices, degradation of and encroachment on water sources, and the impacts of climate change and extreme weather events. Climate change—evident in 60 percent of the country—is manifested in droughts, floods, sea level rise and increased water-borne diseases.

Given these threats, the government sees an urgent need to protect and manage the environment and its natural resources. In 2021, Tanzania launched its **revised National Climate Change Response Strategy (2021–2026)**, aligning it with national and international development plans such as the country’s current (Third) Five-Year Development Plan, nationally determined contributions under the Paris Agreement, and the Sustainable Development Goals (SDGs) in the context of the National Vision 2025 and Zanzibar Vision 2050. Importantly, the strategy triggers the integration of climate change adaptation and mitigation issues into sector policies and plans by providing **guidance for enhancing adaptation and resilience measures as well as harnessing mitigation opportunities for economic and development growth**. The new strategy also takes into account that Tanzania, since 2020, has largely been a lower middle-income country emphasizing industrialization. This emphasis may have implications on energy and water demand and subsequent greenhouse gas emissions sources and sinks, **necessitating climate change intervention strategies at both the policy and community levels**.



objectives

LoCAL-Tanzania is embedded in the Local Climate Finance Initiative (LCFI) and aims at promoting climate-resilient communities and local economies by enabling climate finance to reach the most vulnerable, while complementing existing development finance in line with the SDGs and national development targets embedded in the Third Five-Year Development Plan, particularly Vision 2025, the country’s nationally determined contributions and the forthcoming national adaptation plan. To achieve this, LoCAL has two specific outcomes:

- Contribute to **increased transfer of climate finance to local governments** through national institutions and systems for building verifiable climate change adaptation and resilience
- Establish a standard and recognized country-based **mechanism that supports direct access to international climate finance**



achievements

- LoCAL, with support from the European Union’s Global Climate Change Alliance Plus (GCCA+) and using the existing government system, **established the performance-based climate resilience grant (PBCRG) mechanism pilot in three districts** of the Dodoma region—Chamwino, Mpwawa and Kondoa—potentially benefiting more than 800,000 people, particularly women. The objective is to scale up the LoCAL mechanism to other districts from 2023 onwards, with support from development partners.
- **A memorandum of understanding for the launch of the LoCAL pilot** was signed by the President’s Office—Regional Administration and Local Government (PO-RALG) and the Ministry of Finance on behalf of the Government of Tanzania. A letter of agreement was signed with PO-RALG to provide the operational budget to support implementation, monitoring, capacity development and overall coordination of LoCAL activities.
- PO-RALG was nominated as **Tanzania’s national implementing entity** for the Green Climate Fund (GCF) and submitted its official application to GCF in 2019. PO-RALG has received comments from the GCF Secretariat on its proposal and is working with UNCDF to address them.
- PO-RALG established the **LoCAL-Tanzania Technical Committee**, which had its first meeting in 2022. Among other functions, the committee approves local government plans for implementation.
- **Implementation of the pilot phase was successfully completed** in December 2023. The annual performance assessment was carried out in 2023 in all three districts. The results of the assessment provided new allocations and recommendations for the next phase.
- Another letter of agreement was signed with Tanzania’s Institute of Rural Development Planning to develop a **handbook for training local government staff on mainstreaming climate change adaptation** in local government budgeting and planning processes, building on the Assessing Climate Change Adaptation Framework (ACCAF) guidelines. The handbook will enhance staff understanding of the LoCAL mechanism and how it works to facilitate access to climate finance by local government authorities.



Tanzania



achievements

- **LCFI/LoCAL is featured in the National Climate Change Response Strategy 2021–2026** as a mechanism that allows local government authorities across the country to access and use climate finance effectively in building verifiable climate-resilient local economies and communities.
- The LoCAL technical team supported the National Environmental Management Committee in preparing a **proposal to the Adaptation Fund**, which was submitted in January 2022. A revised proposal was subsequently submitted, based on comments received from the Adaptation Fund; this revised proposal includes a gender analysis.



adaptation measures and investments

LoCAL-Tanzania is supporting the three pilot districts in identifying priority adaptation measures to be financed with PBCRGs. Synergies with other initiatives, such as the UKAid-financed Accountability in Tanzania (AcT-2) Programme, will ensure enhanced capacity-building support to districts and communities during the planning process. LoCAL support through the PBCRG yielded the following:

- In **Chamwino**, a solar-powered 40 acre irrigation scheme in Chiboli village was established. This investment directly benefits 3,736 community members.
- In **Kondoa**, rehabilitation of a water system was completed. Implementation included rehabilitation of one water catchment area and two water storage tanks, as well as the construction of seven water distribution points. The rehabilitated system is functional and directly benefits 3,693 community members of Kisese-Dissa village.
- In **Mpwapwa**, one borehole was drilled and four water distribution points constructed. The resulting clean, safe water system directly serves 3,197 community members of Kisisi village.



lessons learned

- Despite renewed commitment towards LCFI implementation by all stakeholders, a lack of funding was identified as a major obstacle to project scale-up. Developing a **medium- to long-term resource mobilization strategy at programme onset is critical** to ensuring the mechanism's sustainability after the pilot phase ends.
- **Concerns raised over the de facto participation of women and marginalized groups** in the local government authority planning process; the use of divisions as a planning forum, as opposed to districts (which are part of the public planning and budgeting system); and potential political bias in the planning process need to be addressed in future LCFI phases.
- Ensuring that **grants are of sufficient size for fiscal sustainability** is a key element in the design of LoCAL-Tanzania.
- Government procedures and protocols for approving and signing agreements need to be understood well in advance of project start dates in order to avoid delays in implementation. This requires close interaction with several government entities, particularly the Ministry of Finance and Planning, to **ensure full understanding of project scope and objectives and alignment with government goals**.
- As a **new approach to development financing** in Tanzania, it will take time for partners to understand and apply the LoCAL mechanism. However, local government authorities acknowledge that LoCAL will sustain local climate change adaptation efforts and capacities.









way forward

- With support from the EU and Sida, the PBCRG mechanism was piloted in three districts of the Dodoma Region in 2022/2023. With support from other development partners, including Norway and Belgium, LoCAL is scaling up to other districts at the start of 2024 for the next four years. LoCAL will continue exploring partnerships to allow scale-up of PBCRGs and capacity building to additional districts.
- LoCAL will provide follow-up and technical assistance to support PO-RALG throughout the GCF accreditation process.
- In partnership with PO-RALG and the Institute of Rural Development Planning, LoCAL will undertake training and capacity building on public financial management and LoCAL, as well as on climate change adaptation mainstreaming, with target districts throughout 2023–2024. The inclusion of ACCAF in the training programmes will be prioritized in 2024.
- A letter of agreement was proposed to the Vice-President's Office to provide operational budget support to execute LoCAL-specific tasks, including (i) establishing a tracking system for domestic and international climate finance flows to better coordinate climate initiatives at the subnational level and (ii) promoting vertical integration of key climate-related policies, legislative documents, regulations and guidelines using the LoCAL mechanism. Most of these tasks are embedded in the National Climate Change Response Strategy 2021–2026.



Tunisia

 <p>context</p>	<p>Tunisia remains committed in its dedication to the global fight against climate change and the pursuit of a sustainable economic development model. The country has actively embraced various international conventions and agreements, establishing a normative framework that guides its journey towards sustainable development.</p> <p>In its updated nationally determined contribution (NDC), Tunisia has set a goal of reducing carbon intensity by 45 percent by 2030 compared to the levels recorded in 2010. The nation is diligently advancing this objective, working towards the effective implementation of its new NDC. Tunisia has also implemented a range of measures aimed at fortifying its institutional framework and enhancing climate governance, all in alignment with the principles of the Paris Agreement.</p>
 <p>objectives</p>	<p>LoCAL-Tunisia is designed to help local authorities better identify and implement climate change mitigation and adaptation activities, and to raise awareness among citizens and the administration of the imperative need to take account of environmental, climate and biodiversity issues. LoCAL-Tunisia is intended to be the start of a mechanism for transferring funds to the programme’s target municipalities and channelling them into local climate projects. The ultimate aim is to scale up this approach to involve all the country’s municipalities and, as part of a long-term vision, mobilize other funding that will enable the mechanism to be firmly anchored in national systems.</p>
 <p>achievements</p>	<ul style="list-style-type: none"> ● LoCAL in Tunisia is aligned with the 2023 National Strategy for Ecological Transition, the 2050 low-carbon development strategy and the NDC. ● LoCAL is empowering municipalities for participatory climate actions in Tunisia. UNCDF is encouraged by the government’s commitment, especially from the Ministries of Environment and Interior, to actively address climate challenges at the local level. The Ministries of Finance, Economy and Planning are engaged stakeholders in LoCAL-Tunisia. The European Union provides essential funding for both Phase I (piloting) and Phase II (consolidation) of the LoCAL mechanism, highlighting a commitment to sustainable climate initiatives at the local level. ● The LoCAL-Tunisia manual for climate action was developed jointly with government partners and UNCDF; it was endorsed by the technical committee in December 2023. ● The Municipal Climate Action Fund (Fonds pour les Actions Climatiques Communales—FACC) was created by the Ministry of Finance to channel grants for all climate actions at the local government level.
 <p>adaptation measures and investments</p>	<p>In accordance with the principle of free administration, municipalities are free to use the allocation to fund climate actions identified and prioritized during a participatory programming process. It follows that the actions eligible for funding by LoCAL-Tunisia must take into account the guidelines set out in national strategies and have a direct and clear link with the adaptation, mitigation and resilience priorities identified by the municipal authorities following consultation with the population.</p> <p>As it is desirable for local actions to contribute to the achievement of national objectives, local authorities will be encouraged (but not necessarily obliged) to invest part of the grant in one or more of the 53 measures and 5 priorities of the National Strategy for Ecological Transition.</p>
 <p>lessons learned</p>	<ul style="list-style-type: none"> ● It is important that both the Ministry of the Environment and the Ministry of Interior are strongly committed to, and coordinate their efforts to set up, the Municipal Climate Action Fund. ● In a country that is in the process of reforming its decentralization policy, it is critical to put in place a mechanism that remains flexible and open to future directives.
 <p>way forward</p>	<ul style="list-style-type: none"> ● LoCAL-Tunisia is set to support partner municipalities in line with LoCAL design. The programme will maintain close collaboration with municipalities and ministries to assess and enhance existing climate plans, determining the specific local-level investments to be supported. ● UNCDF, in conjunction with the Ministry of Interior, will evaluate the support required by municipalities within Tunisia’s ongoing decentralization reform. ● UNCDF will actively advocate for Tunisian authorities on the international stage regarding climate change. This will involve outreach efforts and a comprehensive assessment of strategies to sustain the financing of the climate fund.



Tuvalu



context

Tuvalu is the fourth smallest country in the world, with a population of around 11,000 and a land area of 25.9 square kilometres; its exclusive economic zone covers 900,000 square kilometres. Like other Pacific Island countries, Tuvalu faces a unique set of development challenges due to its small size; narrow production and export bases; remoteness; resource and capacity constraints; and vulnerability to natural disasters and climate change. These characteristics heighten its susceptibility to economic and climate-related shocks. **Climate change has been identified by the Government of Tuvalu and the Pacific Islands Forum Leaders as the greatest threat facing it and other small island countries** in the Pacific. Tuvalu faces key climate vulnerabilities including scarcity of freshwater, coastal erosion, soil salinization, reduced fish habitats due to ocean acidification, coral bleaching, rising sea water levels and increasing extreme climate events.

Given the context of climate vulnerabilities and risks in Tuvalu and the Pacific region in general, LoCAL-Tuvalu addresses climate change adaptation and resilience measures, climate-related disaster risk reduction and disaster preparedness measures (e.g. cyclones, prolonged drought).



objectives

The overall objective of LoCAL in Tuvalu is to increase the resilience of island communities (*kaupules*) across Tuvalu by **consolidating and expanding a performance-based climate resilience financing mechanism through the top-up of the current transfer system**, targeting climate change interventions with regular, predictable, systemic and verifiable climate finance in support of local climate responses. The specific objectives are:

- Increased *kaupule* access to climate finance to implement climate change adaptation investments in Tuvalu
- Institutionalized standard and internationally recognized country mechanism of performance-based climate resilience grants (PBCRGs) established and operational in Tuvalu



achievements

- Tuvalu was the **first country to implement LoCAL in the Pacific**. Through a participatory and inclusive process, a **climate vulnerability and risk scan** was undertaken for the first batch of climate adaptation and risk reduction investment activities to inform the requirements of the LoCAL planning process. The initial investment activities were successfully implemented by the three pilot *falekaupules* (local governments) under the first tranche of the PBCRG (2016/2017) and the second tranche (2017/2018).
- The **second annual performance assessment** (APA) of the *kaupules/falekaupules* under the LoCAL programme was successfully completed in May 2017. The APA reviewed compliance on the part of the pilot *kaupules* with the minimum conditions for access to grants for 2017/2018. The APA found LoCAL has good traction in the initial three LoCAL programme pilot local government authorities. Upon approval of the APA report and its recommendations, UNCDF released the second tranche of the PBCRG to Tuvalu for allocation as per the determined formula so the *kaupules* can implement their 2017/2018 activities.
- A **third APA** verified that all three participating *kaupules*—Nukulaelae, Nukufetau and Namumea—had met the minimum conditions, and were thus qualified to receive the next PBCRG cycle. The assessment also noted that the **performance of LoCAL kaupules had improved significantly**, particularly in planning and budgeting, financial management and climate resilience investments, with an average 83 percent improvement on performance measures noted from 2016 to 2018.
- Following compliance with minimum conditions, a third PBCRG cycle was channelled to the pilot *kaupules* in 2020, but **stringent COVID-19 restrictions on movement kept this cycle on hold**.
- In 2023, **Nukulaelae, Nukufetau and Nanumea were assisted in implementing or finalizing implementation of the third PBCRG cycle**. Projects to be supported include renewable energy (solar) and water storage facilities.
- Preparations are under way to assess implementation of the grants, and to prepare *kaupules* for the next PBCRG cycle.



Tuvalu



adaptation measures and investments

The viability of subsistence-based livelihoods in Tuvalu is likely to be undermined significantly due to climate change. Consequently, the **first and second cycles of PBCRG investments focused on two critical axes: water and sanitation, and disaster prevention and preparedness.**

- The key vulnerabilities and risks related to water are increased variability and decreased predictability of rainfall and safe water availability. To this end, **six water catchment and harvesting systems** were completed in the three *kaupules*.
- Tuvalu is also dangerously exposed to extreme climate events such as storms and cyclones. **Two cyclone shelters** were constructed in two *kaupules* which will provide protection for more than 800 inhabitants.



lessons learned

- **Meaningful participation of vulnerable and marginalized communities** through bottom-up planning needs to be ensured. Such participation helps integrate climate change risk management activities into community development and planning processes. At programme outset, a number of stakeholders at the village level were not fully aware of their role and responsibilities.
- Capacity at both the *kaupule* and government levels has been identified as a constraint to successful provision of services to communities. **Awareness raising and capacity enhancement** are critical at programme initiation and throughout the life of a project. As part of the overall capacity development strategy plan, institutional and organizational reform at the *kaupule* as well as at the central government level will be needed. Capacity development support in the country will be coordinated with a number of core initiatives such as the National Adaptation Programme of Action II and the Public Sector Reform Programme.



way forward

- LoCAL will roll out a further round of grants and will scope readiness for a transition to Phase II, with expected increased coverage to at least two or three more authorities in the coming years.
- LoCAL will continue to support Tuvalu in mobilizing additional finance from funds and development partners for scale-up.



Uganda



context

Uganda’s climate is naturally variable and susceptible to flood and drought events, which have had negative socioeconomic impacts. Uganda’s National Adaptation Programme of Action cites an average temperature increase of 0.28°C per decade in the country between 1960 and 2010, with the months of January and February most affected by this warming trend, averaging an increase of 0.37°C per decade. Also, the frequency of hot days in Uganda has increased significantly over the reference period, and the frequency of cold days has dropped, resulting in a spread of malaria into new areas of the country. Changes in rainfall patterns have also been observed, with decreasing and more unreliable rainfalls, as well as increased incidence of drought events.

This **scenario is expected to deteriorate** as climate change hits hard in Uganda. Uganda’s climate may become wetter on average, and the increase in rainfall may be unevenly distributed and manifest as more extreme or more frequent periods of intense rainfall. Changes in temperature, regardless of rainfall, are likely to have significant implications for water resources, food security, natural resource management, human health, settlements and infrastructure. Further, there is a high likelihood of increased frequency and severity of extreme weather events such as heat waves, droughts, floods and storms.

Climate change can negatively affect development activities—and even reverse past successes. Given the high levels of poverty and inequality in Uganda, climate change is a very real threat for both the most vulnerable populations and overall development progress. Uganda is ranked 166 out of 181 countries on the [Notre Dame Global Adaptation Initiative](#) index for vulnerability and readiness for climate change adaptation, meaning that it is **very vulnerable yet very unready to cope with climate change effects**.



objectives

The overall objective of Uganda’s LoCAL programme is to **increase the resilience of communities and local economies across the country** through regular, predictable, systemic and verifiable climate finance in support of local climate response/action.

LoCAL-Uganda aims to **provide supplementary capital through its performance-based climate resilience grant (PBCRG) system to finance local public climate change–resilient investments** in target districts and increase awareness and capacities to respond to climate change at the local level, integrate climate change adaptation into local government planning and budgeting systems in a participatory and gender-responsive manner, and increase the level of climate finance available to local government authorities (i.e. districts) for climate-smart, resilient investments. These objectives will be addressed through three outputs:

- **Awareness and capacities to respond to climate change adaptation are increased** at the central and subnational levels
- **Climate change adaptation is integrated into district plans and budgets**, and climate change adaptation interventions and investments are implemented in line with the PBCRG system
- **An effective PBCRG system (finance mechanism) is deployed** across Uganda and is operational for additional funding



achievements

- UNCDF is supporting the Government of Uganda in implementing LoCAL Phase I and its PBCRGs as a top-up grant to the **general discretionary development equalization grant** (DDEG).
- **LoCAL-Uganda was designed and developed** with support from the European Union’s (EU’s) Global Climate Change Alliance Plus (GCCA+); technical assistance from UNCDF; and dialogues between UNCDF, the Government of Uganda—represented by the Ministry of Local Government (MoLG); the Ministry of Finance, Planning and Economic Development (MoFPED); and the Ministry of Water and Environment (MoWE)—and bilateral partners (particularly the EU Delegation to Uganda and the Governments of Belgium and Sweden) initiated to identify synergies and complementarities as well as funding opportunities.
- Subsequently, the Government of Sweden funded the LoCAL pilot in Uganda, and the Government of Belgium committed approximately EUR 6.5 million to fund LoCAL-Uganda for three PBCRG cycles under Phase I and one cycle under a bridging phase (Year 4) as the country transitions to Phase II. The Government of Uganda committed co-financing of approximately \$1 million via MoLG and MoFPED. The **launch event of LoCAL-Uganda** was held in May 2022 with high-level government officials and development partners in attendance.
- A memorandum of understanding with the Government of Uganda to **deploy the LoCAL mechanism and transfer PBCRGs to four districts (Kasese, Zombo, Nebbi and Nwoya)** was signed with MoFPED, which will provide financial management and monitoring of the PBCRGs.



Uganda



achievements

- The PBCRG was subsequently rolled out in the four pilot districts. The **districts identified and selected adaptation investments** based on local authority-level adaptation priorities and the Assessing Climate Change Adaptation Framework (ACCAF) tool; these were mainstreamed into their local budgets, work plans and procurement plans as part of the 2023/2024 budget cycle. New investments were identified for 2024/2025 following the same process, along with further strengthening of local and national appropriation of the mechanism.
- Funding of \$4.2 million was earmarked in December 2023 as part of an agreement with the EU to **roll out the LoCAL mechanism in four new districts**—Nakapiririt, Nabilatuk, Bulambuli and Kitgum. Further discussion of funding opportunities for LoCAL-Uganda continued in 2024 with partners including the Government of Denmark.
- A letter of agreement was signed and an associated work plan was implemented with MoLG, covering **coordination of activities for central and subnational levels**, awareness raising and sensitization on the PBCRGs, effective launch of the mechanism, provision of advice on the PBCRG window under the DDEG, support to overall operations, updating of guidelines and support to participating districts, among others.
- A letter of agreement was co-developed with **MoWE as Uganda’s climate change focal point** to provide operational budget support to execute climate change-related activities.
- A letter of agreement was signed with **MoFPED to support the Climate Finance Unit in further mainstreaming the LoCAL mechanism in strategies and plans**, especially the upcoming Climate Finance Strategy and climate budget tagging methodology.
- The **climate risk assessment** initiated in 2021 was completed and published in 2023 to provide data for climate risk-informed local development planning by identifying and mapping climate risk, exposure and vulnerability hotspots at the district level. Local decision makers and their communities can use this information to **prioritize climate change adaptation actions and investments based on quantified scientific analysis**.
- A baseline **annual performance assessment** (APA) was undertaken in the four districts to complement the general performance assessment as it relates to the PBCRG window under the DDEG. The baseline APA will identify areas for improvement across six performance areas as well as inform the related capacity building to be provided under LoCAL-Uganda. For the first year of implementation, the APA measures and indicators relating to climate adaptation have been mainstreamed in the national performance assessment system (LG MSDPA) and will be used to assess district performance against the LoCAL PBCRG.
- A **national resource pool of experts** from MoWE, MoFPED, MoLG and the Office of the Prime Minister was established, trained by UNCDF in partnership with ODI, and supported the four districts in identifying their first round of investments.
- UNCDF supported MoWE, a national accredited institution to the Green Climate Fund (GCF), in developing **an Enhanced Direct Access GCF concept note** building on the LoCAL model; this was submitted to GCF in 2022. A revised version was shared in 2023 and further discussed with UNCDF and partners during COP28.
- Delegates from Uganda (MoWE) participated in negotiations on Article 6.8 of the Paris Agreement as part of the June 2023 Climate Change Conference held in Bonn, and advocated for LoCAL recognition as a tried and readily available non-market approach to be facilitated under the Paris Agreement for the transfer of financial and technology resources.



way forward

- Further institutionalization of the mechanism will be sought by setting up a DDEG Task Force to track and implement the PBCRG, as well as other governance bodies including an Oversight Committee, Steering Committee and Technical Committee.
- Streamlining of the PBCRG into national strategies and plans will continue with the adoption of the Climate Finance Strategy and further development of the climate budget tagging methodology.
- Interministerial coordination will be enhanced to better support districts in key capacity-building areas; activities will include a national workshop, joint field missions and new tools (e.g. a desk appraisal checklist).
- Four new districts will be onboarded, including through training activities, baseline assessment, and investment identification and implementation in ACCAF and budget towards implementation.
- A web platform will be developed so districts and community leaders can access district-related climate data and information developed under the climate risk and vulnerability assessment.
- Further identification of new districts will take place to prepare for Phase II while pursuing resource mobilization efforts through direct access support of the MoWE to GCF (pipeline development) and regular dialogue with development partners.



ABOUT UNCDF

The UN Capital Development Fund assists developing countries in the development of their economies by supplementing existing sources of capital assistance by means of grants, loans and guarantees, first and foremost for the least developed among the developing countries.

As a Flagship Catalytic Blended Financing platform of the UN, UNCDF utilizes its unique capability to crowd-in finance for the scaling of development impact where the needs are greatest—a capability rooted in UNCDF’s unique investment mandate—to support the achievement of the 2030 Agenda for Sustainable Development and the realization of the Doha Programme of Action for the least developed countries, 2022–2031.

For more information, please contact:
local.facility@uncdf.org

