A mechanism for financing climate adaptation at subnational level: To enable local authorities contribute to the implementation of NAPs and SDG 13
Why giving support at the local level?

The local authorities from ACPs, LDCs, SIDs:

• are in a **unique position** to **identify** and implement the responses that best meet local needs.

• typically have the **mandate** to undertake small to medium sized investments required for building climate resilience.

• face a **funding gap** (regular transfers, additional costs, centralized climate financing, etc.)

• face a **capacity gap** (data, risk informed planning, MRV)
What are the financial obstacles?

Most local authorities can not effectively contribute to climate change adaptation for different reasons:

- Lack of appropriate budget allocations leading to unfunded mandates as well as poor or lack of institutional capacities locally
- Inability to absorb the additional cost of climate change adaptation
- Lack of funding for private and public-private income-generating adaptation projects
- Climate finance sources mainly accessible by national/sectoral programs
The answer is LoCAL = a mechanism for financing climate adaptation at the local level

• a global mechanism designed by UNCDF to help local authorities access and use climate finance effectively at the local level.

• promotes the integration of local government planning and budgeting systems in a participatory and gender sensitive manner.

• Performance-Based Climate Resilience Grants (PBCRG) that guarantee programming and verification of local adaptation expenditures.
Performance-Based Climate Resilience Grant System (PBCRG)

- Grants complement a regular financial top-up and other local revenues.
- Are channeled to strengthen national fiscal transfer systems (not parallel or ad hoc structures).
- Includes minimum conditions, performance measures and an eligible investment menu.
Performance-Based Climate Resilience Grant System (PBCRG) and LoCAL components
An investment menu aligned with NDCs

- Agroforestry
- Agro-processing
- Climate-smart agriculture
- Water, sanitation and health
- Climate-proofing infrastructural development and bio-climatic construction
- Energy efficiency and security with adaptation benefits

‘LoCAL-izing’ NDCs

Using LoCAL to empower local governments in contributing towards achievement of nationally determined contributions
Implementation of LoCAL - a 3 phased approach
LoCAL around the world

- **Phase I: Piloting**
- **Phase II: Learning**
- **Phase III: Scaling-up**

Countries included:
- NEPAL
- BHUTAN
- BANGLADESH
- CAMBODIA
- TUVALU
- NIGER
- MALI
- THE GAMBIA
- GHANA
- TANZANIA
- MOZAMBIQUE
- LESOTHO
- BENIN
- LAO PDR
Outlook – Promoting (direct) access to climate finance

• The 14 member countries of LoCAL's Board have set a goal for LoCAL to become a national standard and an internationally recognized mechanism.

• Support direct access to the Green Climate Fund to transfer resources to local authorities through national institutions and systems.

• Support the accreditation of National Implementing Entities (NIEs) underway in Benin, Mali, Bhutan, Cambodia and Tanzania, to scale up LoCAL (Phase II / III).

• Support governments to submit concept notes and proposals to the GCF (Benin, Mali, Bhutan, etc).

• Support access to private financing at the local level

LoCAL - Niger
Outlook - Promoting Access to Private (Domestic) Financing

- Use "project" finance to strengthen the sources of municipal finance in response to climate change.
- Identify financially viable investments in local development plans informed by localized climate risk analysis.
- Support public-private projects to become "bankable" through technical assistance, "seed capital", loans and/or guarantees.
- Approach tested in Bangladesh, Benin, Tanzania and Uganda for local economic development and soon to be deployed in The Gambia for climate resilient local investments.
Thank you!

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