

Submission by the Local Climate Adaptive Living (LoCAL) facility hosted by the UN Capital Development Fund (UNCDF) to the call of submission by the Conference of the Parties serving as the meeting of the Parties of the Paris Agreement (CMA) on the Work Programme under the framework for non-market approaches referred to in Article 6, paragraph 8 of the Paris Agreement

The Local Climate Adaptive Living (LoCAL) Facility, hosted by the UN Capital Development Fund (UNCDF), welcomes this opportunity to share views on the call for submissions on the existing non-market approaches (NMAs) in accordance with the decision CMA decision on Article 6.8, paragraph 6. The submission responds to the request of Paragraph 6 of the work programme under the framework for NMA of the CMA decision.

a) Existing relevant non-market approach in line with the initial focus areas and in accordance with the provision referred to chapter II of the annex of the CMA decision;

The LoCAL Facility submits the LoCAL Mechanism as an existing relevant non-market approach implementing approaches on the focus areas as defined by the decision. The details of LoCAL Mechanism alignment with Article 6.8 mandates and Chapter II of the annex of the decision are presented in section II to IV below.

b) LoCAL Mechanism - as an example of potential additional focus areas of non-market approaches;

The section from III to V presents a summary of the synergies and alignment of the LoCAL Mechanism with the CMA decision, including its links to the initial focus areas of the NMA, and contribution for facilitating the implementation of Nationally Determined Contributions (NDCs), and National Adaptation Plans (NAPs) in the context of sustainable development and poverty eradication. In addition, the sections provide for LoCAL alignment with the principles of the NMA work programme and wider participation of developing countries, in particular LDCs, SIDs and Africa.

c) UNFCCC web-based platform referred to in paragraph 8(b)(i) of the annex;

The LoCAL Facility welcomes the opportunity to share its views on the development of the web-based platform. It is of the view that the web-based platform should integrate NMAs, such as the LoCAL Mechanism which support NDCs and NAPs implementation at the local level, and should leverage additional support for NMA implementing countries in this regard. In accordance with the CMA decision, the web-based platform should enhance the engagement with the relevant stakeholders, including civil society, private sector, and intergovernmental organizations to support the implementation of NMAs.

d) Schedule for implementing the work programme activities;

NMAs that are currently being implemented and facilitate implementation of the Paris Agreement should be prioritized for scheduling of the implementation. The LoCAL Facility, with a decade of implementation and experience in working with over 30 countries in LDCs, SIDs and Africa presents the LoCAL Mechanism to be a pilot NMA in the scheduling of implementation for the work programme activities under Article 6.8.

I. Introduction

In line with the Paris Agreement, the LoCAL Facility recognising the local and sub-national dimensions of adaptation needs and implementation has supported vulnerable countries efforts towards enhancing their adaptative capacity and strengthening resilience. Since its establishment in 2011, the LoCAL Facility through the LoCAL Mechanism has contributed to reducing vulnerability and enhancing resilience of local communities by establishing a standard and internationally recognized country-based mechanism to channel climate finance to local government authorities for adaptation efforts.

The LoCAL Mechanism combines performance-based climate resilience grants (PBCRGs) that ensure programming and verification of climate change expenditures at the local level while offering strong incentives for performance improvements in enhanced resilience with technical and capacity-building support and monitoring and quality assurance across.



As of 2021, LoCAL has engaged more than 300 local governments, representing over 11.5 million people in 17 countries: Bangladesh, Benin, Bhutan, Burkina Faso, Cambodia, The Gambia, Ghana, Lao PDR, Lesotho, Malawi, Mali, Mozambique, Nepal, Niger, Uganda, Tanzania and Tuvalu. Another 14 countries have expressed interest in joining LoCAL: in 2019/2020 (Côte d'Ivoire, Equatorial Guinea, Fiji, Guinea, Jamaica, Liberia, Sao Tome and Principe, Senegal, Solomon Islands, Somalia, Sudan, Tunisia, Vanuatu and Zambia), bringing the total number of LoCAL countries to 31, of which 26 are LDCs, 6 are SIDS and 21 in Africa, with a potential scale up reach of half a billion people.

During the same period, LoCAL has mobilized more than USD \$125 million from UNCDF resources as host organisation, donors, and parallel funding from governments, to initiate and roll out the Mechanism and develop the standard. Fourteen countries are currently being accompanied for GCF and/or AF direct access.

LoCAL is overseen by the LoCAL Board, which comprises representatives of governments participating in the global mechanism and development partners. The Board is co-chaired by the Chair of LDCs group of the UNFCCC and the Chair of the Least Developed Countries Group of the United Nations. UNFCCC and UNFCCC financial mechanisms are observers to the LoCAL Board.

II. The LoCAL Mechanism as a Non-Market Approach – as an existing relevant NMA, paragraph 6 (a)

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

Article 6.8

Parties recognize the importance of integrated, holistic, and balanced non-market approaches being available to Parties to assist in the implementation of their nationally determined contributions, in the context of sustainable development and poverty eradication, in a coordinated and effective manner, including through, inter alia, mitigation, adaptation, finance, technology transfer and capacity building, as appropriate.

These approaches shall aim to:

- (a) Promote mitigation and adaptation ambition;
- (b) Enhance public and private sector participation in the implementation;
- (c) Enable opportunities for coordination across instruments and relevant institutional arrangements.

The LoCAL Mechanism responds to the mandates of Article 6.8 that states the importance of non-market approaches being available to Parties to assist in the implementation of nationally determined contributions, in the context of sustainable development and poverty eradication.

2.1. LoCAL Mechanism - Assisting Parties to implement their NDCs in the context of sustainable development and poverty eradication

The LoCAL Mechanism enables Parties to implement their NDCs through local climate action and implementation by increasing local investments and related capacity building and technical support in countries, thereby building resilient communities and local economies and contributes to the achievement of the Paris Agreement and related Sustainable Development Goals and their targets. The LoCAL Mechanism particularly contributes to:

- a) **Poverty Eradication (SDG 1):** the LoCAL Mechanism in many of the LoCAL countries has contributed to improving the livelihoods for households and individuals by promoting green and resilient communities and local economies. Over 2014-2021, it has delivered 1983 investments across a range of sectors of importance for poverty eradication (e.g. education; health; water and sanitation; transport and storage; energy; agriculture; forestry; fishing; construction; tourism; environmental protection; reconstruction relief and rehabilitation and disaster prevention and preparedness). In doing so, LoCAL promotes community participation and contracting. As an example, in The Gambia the investments have benefited 21,000 people and created 410 temporary jobs, mainly for women and youth.
- b) **Zero Hunger (SDG 2):** LoCAL countries invest to promote climate resilient agriculture, contributing towards achieving food and nutrition security. An estimated 25% of the investments financed under LoCAL relate to the agriculture sector, with more related to water, transport and storage. As an example, in Mali the LoCAL Mechanism supported local government and communities to develop climate resilient local agriculture practices contributing to food security at the local level.

- c) **Clean Water and Sanitation (SDG 6):** LoCAL countries invest in clean drinking water and sanitation, including climate proofing of water supply system. . An estimated 20% of the investments financed under LoCAL relate to the water sector. As examples, the investments by local government financed through the LoCAL Mechanism have contributed to the construction / rehabilitation of wells to ensure water availability, in countries like Mozambique and Niger.
- d) **Sustainable cities and communities (SDG 11):** LoCAL countries invest in climate adaptative infrastructure which are resilient to climate change and/or contribute to climate change adaptation. An estimated 28% of the investments financed under LoCAL relate to construction, transport, storage and other social and infrastructure services, in countries such as Bangladesh, Bhutan or Cambodia.
- e) **Climate action (SDG 13):** The main SDG that the LoCAL Mechanism contributes to is SDG 13. The LoCAL Mechanism has promoted the following in over 30 countries;
- increased awareness and capacities to respond to climate change at local level;
 - integration of climate change adaptation into local government planning and budgeting in a participatory and gender-sensitive manner; and
 - increased financing available to local governments for climate change adaptation investments.

2.2. LoCAL Mechanism - Promoting mitigation and adaptation ambition

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

As provided in the Paris Agreement (Article 7) and the Glasgow Climate Pact of COP26, the LoCAL Mechanism aims to respond to the local, subnational, national, and regional dimensions of the impacts of climate change.

The LoCAL Mechanism supports adaptation ambition among the most exposed to the impacts of climate change, at the local level, by addressing the following:

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

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

- Systemic and scalable, as it uses government systems rather than project or parallel approaches
- Flexible and sustainable, as it is tailored to national circumstances and contextualized for local climate risks and responses
- Standardized, in its design, quality assurance, monitoring and reporting

Should the LoCAL Mechanism be scaled up nationally in the 30 countries currently participating in the Mechanism, it would reach over half a billion people.

2.3. LoCAL Mechanism - Enhancing participation of public and private sector and civil society organizations in the implementation of NDCs

The LoCAL Facility and Mechanism increase awareness and capacities to respond to climate change through the local level, integrate climate change adaptation into local government planning and budgeting in a participatory manner and increase the financing available to local governments for climate change adaptation investments, in LoCAL countries.

LoCAL is by design a gender-sensitive and inclusive approach to climate change adaptation, as it brings the planning and budgeting process for climate change adaptation closer to the communities – especially those who are disproportionately affected by climate change effects.

While the specific features of the LoCAL Mechanism vary from one country to another, LoCAL mechanisms include specific participatory and gender-sensitive performance measures to hold local governments accountable for the inclusiveness of their local decision-making processes.

2.4. LoCAL Mechanism - Enabling opportunities for coordination across instruments and relevant institutional arrangements

The LoCAL Mechanism is implemented by deploying an instrument for the programming and verification of climate change expenditure at the local level and using the demonstration of its effect to trigger further flows for local adaptation, including national fiscal transfers and access to global climate finance for local governments (through their national governments) and for private sector and public-private adaptation initiatives.

LoCAL offers a proven avenue for the vertical integration of the Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) processes, through planning, financing, implementation and monitoring and reporting. It contributes to central level coordination across sectors as well as local level coordination.

III. Synergies of the LoCAL Mechanism with the focus areas of the Non-Market Approach

CMA Glasgow Climate Decision on Article 6.8, Paragraph 3

Decides the initial focus areas of the work programme activities:

- (a) Adaptation, resilience, and sustainability;
- (b) Mitigation measures to address climate change and contribute to sustainable development; and
- (c) Development of clean energy sources.

(a) Adaptation, resilience, and sustainability

Since its establishment, the LoCAL Facility has supported over 300 local governments and their communities to fulfil their mandates and roles in increasing local resilience to climate impacts, aligning with the Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) processes, local adaptation plans and the United Nations Framework Convention on Climate Change (UNFCCC).

In April 2019, the LoCAL guidelines on Performance-Based Climate Resilience Grants were endorsed as [supplementary material to the NAP technical guidelines](#) by the LDC Expert Group of the UNFCCC. The LoCAL guidelines support developing countries in creating strategic linkages between Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) processes and the subnational level in a coordinated and standard manner – bringing a financing dimension to the vertical integration of the NDC and NAP processes.

LoCAL was also referenced by several UNFCCC bodies in official reports to the COP (on adaptation, finance and NAP) while the LDC negotiating group at the UNFCCC recognized it as one of the LDC long term initiative that supports transition towards a climate resilient future. More specifically:

- LoCAL was recognised as tool and method for subnational adaptation and included as such on the UNFCCC [adaptation knowledge portal](#);
- The UNFCCC Standing Committee on Finance [2021 Biannual Report \(paragraph 304\)](#) refers to LoCAL as an "initiative supporting domestic national budget systems to target adaptation actions at the local level, while reinforcing transparency and reporting through those systems".
- The 53th SBI session further approved the [report of the stocktaking meeting of the Least Developed Countries Expert Group](#) which includes the work with LoCAL as “financing mechanism for subnational and local climate action based on performance-based climate-resilient grant systems and for integrating adaptation into subnational development plans” among experience, good practices and lessons learned in relation to support provided by organizations to the least developed countries.
- The UNFCCC Secretariat included in its Note on “[Progress in the process to formulate and implement national adaptation plans](#)” activities to [integrate climate change adaptation into local government planning and budgeting systems under the Local Climate Adaptive Living Facility](#).

In addition, the LoCAL Mechanism supports countries in undertaking climate risk and vulnerability assessments aligned with the AR5 IPCC framework, developing projections of climate hazards under different scenarios (RCP4.5 and RCP 8.5) and different time horizons (2030, 2040 and 2050), analysing vulnerabilities and exposure linked to non-climatic variables and risks related to climate-related events (e.g., droughts, floods, windstorms) and slow-onset events (e.g. increased temperature, changing weather patterns). Such CRVA for subnational adaptation analyse climate stressors and vulnerability causality chain, trends, drivers and interactions between climate hazards, vulnerability and exposure, focused on key prioritized sectors at regional and local levels; identify and map climate hazards, exposure, vulnerability and risks at subnational and local/community levels; support the identification and prioritisation of climate change adaptation actions and investments informed by quantified and scientific-based analysis, and contribute to NDCs reviews and implementation.

(b) Mitigation measures to address climate change and contribute to sustainable development and (c) Development of clean energy sources

The LoCAL Facility contributes to the achievement of the Paris Agreement through the local level implementation of adaptation action and adaptation co-benefits with mitigation, including Agriculture, Forestry and Other Land Use (AFOLU) and renewable energy. An estimated 28% of the investments financed under LoCAL relate to the AFOLU and energy sector.

As mentioned earlier, the LoCAL Facility contributes to addressing sustainable development across a range of SDGs, in particular SDG 1, SDG2, SDG 6, SDG 11 and SDG 13.

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

CMA Glasgow Climate Decision on Article 6.8, Paragraph 3, in accordance with chapter II of the annex:

(b) Assists participating Parties in implementing their NDCs in an integrated, holistic, and balanced manner, including through, inter alia:

- (i) Mitigation, adaptation, finance, technology development and transfer, and capacity- building, as appropriate;
- (ii) Contribution to sustainable development and poverty eradication.

4.1. Mitigation, adaptation, finance, technology development and transfer, and capacity-building, as appropriate

The LoCAL Facility supports developing countries in creating strategic linkages between Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) processes and the subnational level in a coordinated and standard manner – across planning, financing, implementation and monitoring and reporting.

In doing so, the LoCAL Facility supports the integration of of climate change adaptation into local government planning and budgeting processes; the development of NDC-aligned local investments plans to be financed through performance-based climate resilience grants, and their execution and reporting through annual performance assessments in participating local governments.

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

Since its establishment, the LoCAL Facility has supported over 300 local governments and their communities to fulfil their mandates and roles in increasing local resilience to climate impacts, aligning with the Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) processes, local adaptation plans and the United Nations Framework Convention on Climate Change (UNFCCC).

In April 2019, the LoCAL guidelines on Performance-Based Climate Resilience Grants were endorsed as [supplementary material to the NAP technical guidelines](#) by the LDC Expert Group of the UNFCCC. The LoCAL guidelines support developing countries in creating strategic linkages between Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) processes and the subnational level in a coordinated and standard manner – bringing a financing dimension to the vertical integration of the NDC and NAP processes.

In addition, LoCAL was recognised as tool and method for subnational adaptation and included as such on the UNFCCC [adaptation knowledge portal](#). The 53th SBI session further approved the [report of the stocktaking meeting of the Least Developed Countries Expert Group](#) which includes the work with LoCAL as “financing mechanism for subnational and local climate action based on performance-based climate-resilient grant systems and for integrating adaptation into subnational development plans” among experience, good practices and lessons learned in relation to support provided by organizations to the least developed countries. Last, the UNFCCC Secretariat included in its Note on “[Progress in the process to formulate and implement national adaptation plans](#)” activities to [integrate climate change adaptation into local government planning and budgeting systems under the Local Climate Adaptive Living Facility](#).

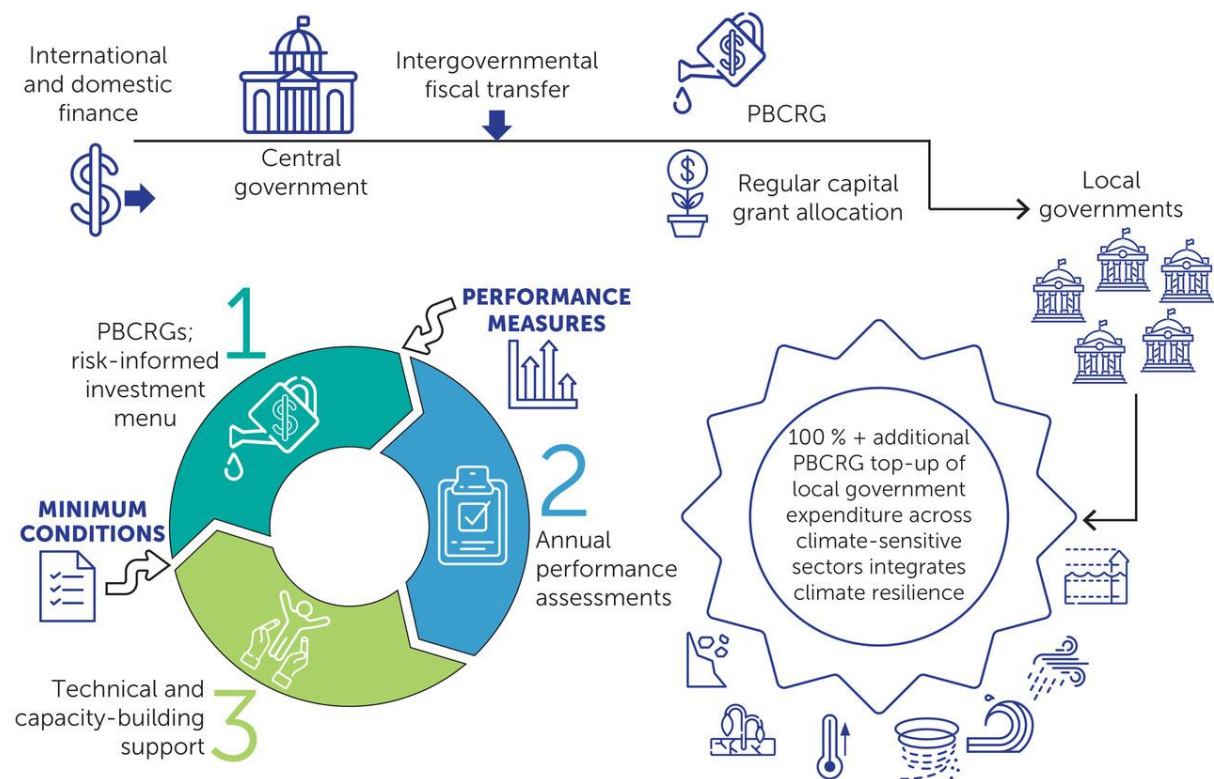
4.1.2. Finance

The LoCAL Mechanism combines performance-based climate resilience grants (PBCRGs) that ensure programming and verification of climate change expenditures at the local level while offering strong incentives for performance improvements in enhanced resilience with technical and capacity-building support and monitoring and quality assurance across.

PBCRGs constitute an innovative system to channel climate finance and incentivise continuous improvement in responses to climate change at the subnational and local levels. PBCRG provide a financial top-up to cover the additional costs of climate resilient investments and are channelled through existing government fiscal transfer systems (rather than parallel or ad hoc structures), while ensuring traceability and additionality.

The technical features for PBCRG includes a set of minimum access conditions, performance measures and a menu of eligible investments aligned with the NDCs and NAPs. PBCRGs are set according to an allocation formula agreed with each country. The PBCRGs are large enough to provide an incentive, cover the additional costs of adaptation, and have an impact in terms of investments and service delivery in areas key to enhanced climate resilience. They are however also sized to ensure financial sustainability and scalability of the LoCAL mechanism.

The UNFCCC Standing Committee on Finance 2021 Biannual Report (paragraph 304) refers to LoCAL as an "initiative supporting domestic national budget systems to target adaptation actions at the local level, while reinforcing transparency and reporting through those systems."



The LoCAL Facility accompanies developing countries in their accreditation efforts to Adaptation Fund and Green Climate Fund. It also supports direct access to the AF and GCF with a view to address local adaptation needs, channeling resources to local governments and communities through national systems for building verifiable climate change adaptation and resilience. In LoCAL countries – for e.g. in Benin, Bhutan, Cambodia, Mali, Niger and Tanzania – a national body in charge of, or involved in the LoCAL country mechanism was nominated by its government as the country’s national implementing entity to be accredited to AF and/or GCF. With LoCAL support, Benin, Bhutan and Cambodia have succeeded in getting their institutions accredited to the GCF. The LoCAL Mechanism will continue to support countries in their accreditation efforts and submission of concept notes proposals to the AF and GCF’s Enhanced Direct Access programme. The LoCAL Facility is currently supporting 14 countries in such efforts for an active AF and GCF pipeline of approximately \$140 million.

4.1.3. Technical and capacity building support

The LoCAL Facility provides technical and capacity building support to both local governments and ministries responsible for climate change, finance, planning and local government. The technical and capacity building support is provided alongside the PBCRGs through specialised technical assistance; on-the-job learning; and specific training; as well as south-south cooperation among countries engaged with LoCAL.

The technical and capacity building support ranges from CRVA for subnational adaptation; local information systems for adaptation (LISA); local risk-informed planning and budgeting; execution and procurement of local adaptation investments; and monitoring and reporting. Furthermore, the capacity building supports sensitization of communities on climate change

issues and risks, encourages participatory approaches to resilience building and reinforces bottom-up responses for locally led adaptation.

Last, support also comprises institutional strengthening to central government ministries or agencies to oversee the LoCAL country mechanism, deploying the PBCRGs and undertaking annual performance assessments among others.

In 2020 alone, 1,563 national and local government officials and community representatives participated in awareness and capacity-building activities on climate information, planning and budgeting, and investment management with LoCAL support.

V. LoCAL Mechanism as an existing relevant non-market approach

5.1. Alignment of the LoCAL Mechanism with the NMA Principles

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

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

5.2. LoCAL Mechanism - in accordance with the provisions referred to in chapter II of the annex

The LoCAL Facility is engaged with more than 30 countries following the request of support from the participating countries on voluntary basis.

Over the last years, LoCAL has been supporting over 300 local governments representing over 11.5 million people, across in 17 countries (Bangladesh, Benin, Bhutan, Burkina Faso, Cambodia, The Gambia, Ghana, Lao PDR, Lesotho, Malawi, Mali, Mozambique, Nepal, Niger, Tanzania, Tuvalu, and Uganda), with 14 more countries having formally expressed interest to benefit from the global mechanism and actively preparing to do so (Côte d'Ivoire, Equatorial Guinea, Fiji, Guinea, Liberia, Jamaica, São Tomé and Príncipe, Senegal, Solomon Islands, Somalia, Sudan, Tunisia, Vanuatu, and Zambia).

The LoCAL Facility hosted by UNCDF welcomes other opportunities to provide additional views and detailed information on the implementation of LoCAL as a non-market approach.