

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

I. Introduction

The Local Climate Adaptive Living (LoCAL) Facility, hosted by the United Nations Capital Development Fund (UNCDF), welcomes this opportunity to share views on the call for submissions on the existing non-market approaches (NMAs) by the decision SBSTA 56.

The UNFCCC Synthesis report on views and information referred to in paragraph 6 of decision 4/ CMA 3 found that the LoCAL Mechanism is identified as one of the initial focus areas under the decision and facilitates the implementation of the three focus areas, i.e. adaptation, resilience and sustainability, mitigation measures that can contribute to sustainable development and development of clean energy sources.

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.

The submission will further present the Local Climate Adaptive Living (LoCAL) Mechanism as one of the key Non-Market Approaches (NMA) under Article 6.8. The LoCAL Facility's submission responds to the request of Paragraph 4 of the SBSTA 56 decision on the work programme under the framework for NMA.

a) The elements of a draft decision on the schedule for implementing the activities of the work programme under the framework for non-market approaches (NMAs) referred to in Article 6, paragraph 8, of the Paris Agreement

The LoCAL Facility welcomes the progress made on the work programme of activities under decision 4/CMA.3, annex. V. The LoCAL Mechanism implementing countries, as supported through submissions made by Cambodia, Cote d'Ivoire, The Gambia, as well as the African Group of Negotiators and Kenya, shared their views that the LoCAL Mechanism should be considered as an existing relevant NMA in their submissions made to the UNFCCC under the call of February 2022. The LoCAL Mechanism responds to the mandates of decision 4/CMA 3 as an NMA that assists Parties in their implementation efforts of nationally determined contributions (NDCs) at subnational level, where climate action is urgent, and within the context of sustainable development and poverty eradication. In the UNFCCC synthesis report, the LoCAL Mechanism is also identified as an initiative, programme, and project for facilitating NMAs that support the implementation of NDCs to allow higher adaptation and mitigation ambition as per decision 4/ CMA 3 annex V, paragraph 8 (iii).

Before the Paris Agreement was adopted, the LoCAL Mechanism was already working with local governments to reduce vulnerability and enhance local communities' resilience by establishing a country-based system to channel climate finance to local government authorities for adaptation efforts. Following the Paris Agreement's recognition of the importance of adaptation efforts by countries, and the role of various levels of government, including at the local and national levels, for enhancing resilience, the LoCAL Mechanism has continued supporting the implementation of the Paris Agreement, while highlighting the contribution of the subnational level towards achieving NDC goals. It offers an innovative approach for responding to climate change impacts and mobilizing resources for adaptation, bringing climate action to where it is most needed, the local/community level. Therefore, the schedule for implementation of the work programme for NMA could emphasise scaling up the implementation of existing tried and tested Mechanisms such as LoCAL.

The LoCAL Facility is of the view that the period of the schedule for activities first cycle should be 2022–2023. The identification of NMA this year should lead to the piloting of existing and relevant mechanisms as LoCAL for enhancing and accelerating the implementation of NDC and NAP process in 2023. The LoCAL Mechanism has reached more than 322 local governments, representing over 12.5 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, since it was established in 2011. Another 15 countries have expressed interest in deploying the mechanism and are currently being supported to design the LoCAL mechanism and in identifying sources of finance to activate it: Cote d'Ivoire, Fiji, Equatorial Guinea, Guinea, Guinea Bissau, Jamaica, Liberia, Sao Tomé e Príncipe, Senegal, Solomon Islands, Somalia, Sudan, Tunisia, Vanuatu and Zambia, bringing the total number of LoCAL countries to 32. Furthermore, the Parties to the UNFCCC have a role in the design and implementation of LoCAL as the Mechanism is overseen by the LoCAL Board, which comprises representatives of UNFCCC Parties and development partners. Most importantly, the LoCAL Board is co-chaired by the Chair of the LDCs group at the UNFCCC and the Chair of the Least Developed Countries Group at the United Nations. UNFCCC and its financial mechanisms are observers to the LoCAL Board.

b) The specifications for the UNFCCC web-based platform referred to in paragraph8(b)(i) of the annex to decision 4/CMA.3

The LoCAL Facility welcomes a web-based platform to enhance the engagement of UNFCCC Parties with the relevant stakeholders, including civil society, the private sector, and intergovernmental organizations, to support the implementation of NMAs. The web-based platform should record information and implementation of NMAs and share best practices and experiences for implementing climate action. The platform should also support the scale-up of successful NMAs; the LoCAL Mechanism as a multi-country and multi-partner cooperative Mechanism that supports the local and sub-national dimensions of adaptation implementation is presented as an NMA.

The web-based platform could share information for mapping opportunities to support NMAs and the implementation of ambitious NDCs contributing to the achievement of the long-term temperature goal of the Paris Agreement. For example, the LoCAL Mechanism is an innovative financing tool recognized by the [LDC Expert Group](#)¹, [Standing Committee of Finance \(SCF\)](#) and [Adaptation Committee as an instrument that supports the implementation of NDCs](#)³ by government and sub-national governments.

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 include 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 upon with each country. The PBCRGs are large enough to provide an incentive, cover the additional costs of adaptation, and impact investments and service delivery across sectors critical to enhanced climate resilience.

c) Actions that facilitate the implementation of nationally determined contributions and can be identified, developed and implemented through the framework for NMAs

LoCAL Mechanism - Promoting mitigation and adaptation ambition under NDCs

The LoCAL Mechanism promotes enhanced adaptation ambition and adaptation-mitigation co-benefits and contributes to implementing NDCs and NAPs. The LoCAL Mechanism responds to the Glasgow Climate Pact of COP26 and the local, subnational, national, and regional dimensions of the impacts of climate change.

The LoCAL Mechanism supports a whole society approach in the design of LoCAL country-led initiatives to support Parties' NDCs through;

- **Information & Data:** information on climate change risks, vulnerabilities and assessments gaps in terms of knowledge, systems or guidance, especially at the local level and in participating local authorities;
- **Policies and Strategies & Institutional Arrangement:** climate-related policies and strategies, particularly relating to adaptation, mainstreaming and local authorities;

¹https://www4.unfccc.int/sites/NAPC/Documents/Supplements/Financing_local_adaptation_to_climate_change_UNCDF.pdf

²https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Report%20-%20V4.pdf

³<https://www4.unfccc.int/sites/NWPStaging/Pages/item.aspx?ListItemId=28928&ListUrl=/sites/NWPStaging/Lists/MainDB>

institutional set-up, roles and mandates of central ministries (e.g. finance, planning), line ministries (e.g. agriculture, natural resource management, water and public works, health and education) and climate-related institutions in the context of decentralization, local development and climate change; local government legal framework, guidelines, and manuals; monitoring and evaluation, audit and reporting systems; and ongoing and planned climate change adaptation and decentralization/local governance programmes or initiatives by governments and development partners;

- **Budgeting & Financing Plans for Adaptation:** National development strategies and priorities, planning and budgeting guidelines and how they relate to climate change adaptation and local authorities; decentralization strategies and status, and level of integration of climate change adaptation in decentralized authorities' public expenditure management systems; and existence and effectiveness of intergovernmental fiscal transfer systems and performance-based grant systems.
- **Technical and Capacity Needs:** Technical and management capacities and needs of local authorities and ministries responsible for climate change, finance, planning and local government. 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, while facilitating identification, implementation, and monitoring of NDC and NAP-aligned adaptation interventions.

d) NMAs related to initiatives, programmes and activities

The LoCAL aims to promote green and climate-resilient communities and local economies by establishing a standard, internationally recognized country-based mechanism to channel climate finance to local authorities in developing countries, particularly in the Least Developed Countries (LDC), Small Island Developing States and African nations, for its effective use. LoCAL enables Parties to implement their NDCs through local climate action and implementation by increasing local access to climate finance and interventions and related capacity building and technical support, thereby building resilient communities and local economies and contributing to the achievement of the Paris Agreement and related Sustainable Development Goals and their targets. The LoCAL Mechanism mainly contributes to Poverty Eradication (SDG 1): Zero Hunger (SDG 2): Clean Water and Sanitation (SDG 6) Sustainable cities and communities (SDG 11), and Climate Action (SDG 13).

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 other financing flows for local adaptation, including national fiscal transfers and access to global climate finance for local governments (through their national governments) and local public-private adaptation initiatives.

e) How NMA initiatives and programmes, consistent with the framework for NMAs, have addressed the elements of chapter II, paragraph 3(e), of the annex to decision 4/CMA.3 and other relevant criteria determined by the participating Parties as relevant

LoCAL promotes the participation of local communities from planning, implementation, to monitoring of the adaptation interventions. For example, climate change risk, vulnerabilities and adaptation responses are identified and analysed at local level using both quantitative and participatory approaches. LoCAL directly engages local communities and sensitize them on climate change and local resilience, for instance, via disseminating key messages through various media and/or involving communities in sensitization activities in their localities. In Ghana, for instance, community dialogue sessions were held in 2021 with community members of the Ashanti and Western Regions (migration-prone areas) to deepen their knowledge, acceptance and buy-in on efforts regarding climate change and the green and circular economy. In Bangladesh, episodes on climate change awareness and climate adaptive livelihoods were recorded and broadcasted on community radio programmes in target districts.

LoCAL, by design, is a gender-sensitive and inclusive mechanism for climate change adaptation, as it brings the planning and budgeting process for climate change adaptation closer to the communities – especially those disproportionately affected by climate change effects such as women and youth. In 2021, approximately 492,600 (53%) direct beneficiaries of LoCAL investments implemented were women. LoCAL recognizes the different ways in which women and men can be affected by climate change, as well as the importance of their contributions to solutions. Capacity needs assessments and CRVA involve considerations on women and other vulnerable groups like minorities. Gender-sensitive performance measures and performance measures that promote participation of vulnerable groups are integrated in the LoCAL mechanism, thereby contributing to human rights and democracy improvements.

LoCAL has also been used in migration-prone areas to alleviate rampant migrant outflows. For instance, in Niger, LoCAL has partnered with the United Nations Development Programme, NDC Partnership and the Italian Fund for Migration to channel resources to subnational authorities in conflict-sensitive and migration-prone areas to invest in climate-sensitive sectors and create better livelihoods options for local communities. In Ghana, LoCAL aims to stimulate local economies and short-term job opportunities for youth, women and returnees through green and climate-resilient investments, with a specific objective to support the transition of local economies to green and climate-resilient development.

With regards to right to health, in 2021, about 36% of LoCAL-funded interventions focused on water, sanitation and hygiene (WASH) and 5% on health-related adaptation measures, for instance, construction of a Rural Health Center in the Administrative Post of Lurio, District of Memba, in Mozambique, to provide health services to communities, particularly in a scenario of rising vector-borne disease transmission and spreading due to climate change.

II. Implementation of LoCAL Mechanism

As mentioned above, the LoCAL Mechanism is implemented in 322 local governments, representing over 12.5 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. Between 2014 and 2021, it mobilized approximately \$125 million in grants, capacity building and operational support at the national and sub-national levels. During the same period, almost 2,000 climate change adaptation interventions were financed, benefiting directly some 3.8 million people. Another 15 countries have officially expressed interest in joining LoCAL and are preparing their country-based mechanisms (Côte d'Ivoire, Equatorial Guinea, Fiji, Guinea, Guinea Bissau, Jamaica, Liberia, Sao Tome and Principe, Senegal, the Solomon Islands, Somalia, Sudan, Tunisia, Vanuatu, and Zambia), bringing the total number of LoCAL countries to 32, of which 25 are LDCs, 7 are SIDS and 22 in Africa, with a potential scale-up reach over half a billion people, as countries go to scale.

