



Submission of inputs by the Local Climate Adaptive Living (LoCAL) for the 6th Technical Expert Dialogue under the Ad hoc Work Programme on the New Collective Quantified Goal on Climate Finance (NCQG)

Background

The Local Climate Adaptive Living (LoCAL) Facility of the UN Capital Development Fund (UNCDF) welcomes this opportunity to share its views sixth technical expert dialogue of the new collective quantified goal on climate finance.

The LoCAL Facility was designed by the UNCDF in 2011 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 (SIDS) and African nations, for its effective use. LoCAL combines performance-based climate resilience grants (PBCRGs) – in the form of financial top ups to cover the additional costs of climate change adaptation – which 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.

The LoCAL Facility supports the implementation of nationally determined contributions (NDCs) and national adaptation plans (NAPs) through decentralization and local-level implementation strategies, thereby contributing to the local-level implementation of the Paris Agreement and the climate-related Sustainable Development Goals (SDGs).

The LoCAL Facility supports the most climate vulnerable countries, particularly the LDCs, SIDS and African States using an internationally recognized ([ISO 14093](#)) country-based mechanism to channel climate finance to local government.

Since its global scale-up in 2014, LoCAL has evolved considerably. In 2023, LoCAL has engaged more than 328 local governments, representing over 15 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 20 countries have expressed interest in joining LoCAL: Côte d’Ivoire, Fiji, Haiti, Rwanda, Chad, Guinea, Jamaica, Liberia, São Tomé and Príncipe, Senegal, Guinea Bissau, Equatorial Guinea,

Solomon Islands, Somalia, Sudan, South Sudan, Madagascar, Tunisia, Vanuatu, and Zambia (these are in the scoping/design phase) and are expected to begin Phase I in 2023/2024 as resources are mobilized. Combined, 37 countries are engaged with LoCAL, of which 30 are LDCs, 9 are SIDS, and 27 are in Africa, with a potential scale-up reach of half a billion people. Moreover, since its inception, LoCAL has mobilized more than USD 150 million from its own resources, donors, and parallel funding from governments to initiate the mechanism and develop the standard.



On quantity, mobilization, and provision of financial sources:

The Six Assessments of the Intergovernmental Panel on Climate Change concluded that global financial flows are insufficient and uneven across regions and sectors. It highlighted that adaptation finance, including public and private finance sources, is inadequate, especially at the local level. While the adverse impacts of climate change are worsened at the local level due to the limited capacity and availability of resources.

It is increasingly recognised that local governments are uniquely positioned to identify and implement the responses that best meet local needs. They are typically mandated to undertake small to medium-sized interventions and investments required for building climate resilience. Article 7 and 11 of the Paris Agreement also highlights the need to integrate adaptation in policies and actions, particularly at the subnational level.



The LoCAL Facility supports sub-national and local governments in their efforts to address climate change while promoting the achievement of sustainable development goals. With over ten years of experience working with local governments in LDCs, SIDs, and African States, the LoCAL Facility can also attest that local governments face significant funding gaps, lack of predictable finance, and additional costs to access finance from centralised systems. Therefore, the discussion on quantity and provision of financial sources under the NCQG should consider the different dimensions of needs (e.g. in terms of access modalities and mechanisms, quantity and quality, sources, etc.) and related idiosyncrasies, consistent with a pathway to effectively achieve Article 2 of the Paris Agreement.

On quantum:

The needs of vulnerable countries should inform the quantum of the NCQG as identified in their Nationally Determined Contributions (NDCs), the biennial transparency reports (BTR) Adaptation Communication and National Adaptation Plans. The recent reports of scientific bodies, mainly reports of the IPCC, should also inform the quantum of NCQG.

While emphasizing the needs of vulnerable countries informing the quantum of the NCQG, the discussion of needs should include national and sub-national needs.

On mobilization and provision of financial resources, including contributors, sources and integration with Article 2, paragraph 1 (c) of the Paris Agreement;

Financial resources & Integration:

The LoCAL Facility recognizes public finance as one of the important financial resources, in particular for adaptation. However, significant resources are required to respond to climate change. The LoCAL Facility supports the resource mobilization efforts of countries through a country-driven approach by channelling adaptation finance to local governments, using existing intergovernmental fiscal transfer system, from a wide variety of sources to cover the additional cost of adaptation actions. As resource mobilization for adaptation is challenging, the LoCAL Mechanism aims to close this gap and channels adaptation finance from a wide variety of finance sources to local governments and their communities to equip them and address the adverse impacts of climate change.



The LoCAL Facility combines performance-based climate resilience grants (PBCRGs) that ensure the programming and verification of climate change expenditures at the local level with technical assistance and capacity-building support and monitoring and quality assurance functions. Their technical features include a set of minimum conditions, performance measures and a menu of eligible investments aligned with adaptation priorities in the NDCs and NAP.

PBCRG is an innovative, internationally recognized (ISO 14093), method to channel climate finance and incentivize continuous improvement in responses to climate change at the subnational and grassroots levels. They provide a financial top-up to cover the additional costs of making investments climate resilient and are channelled through existing government fiscal transfer systems (rather than parallel or ad hoc structures). International climate finance is channelled through national treasuries to the local level, with special accounts ensuring traceability and additionality.

These grants include a performance element which simultaneously:

- Incentivizes local governments to integrate adaptation and implement targeted measures across 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 PBCRGs improve local governments' abilities to access and effectively use various sources of climate funding.

Finally, the LoCAL Facility welcomes the opportunity to provide additional views and detailed information at TED6.