
**Mechanism for financing local
adaptation to climate change —
Performance-based climate resilience
grants — Requirements and
guidelines**

*Mécanisme pour le financement de l'adaptation au changement
climatique à l'échelle locale — Subventions pour la résilience
climatique basées sur la performance — Exigences et lignes
directrices*



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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

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For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

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Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

Subnational authorities and local communities are most affected by climate change impacts, and this is especially true in the Global South. However, subnational authorities can also hold the solutions for climate change. Subnational authorities in least developed countries (LDCs) and other developing countries are in a unique position to identify climate change adaptation responses that best meet local needs, and typically have the mandate 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 which is aligned with established local decision-making processes and planning and budgeting cycles. The local climate adaptive living (LoCAL) facility was designed by the United Nations Capital Development Fund (UNCDF) to address this challenge.

LoCAL was developed by UNCDF to respond to budgetary and capacity building challenges faced by subnational authorities in their contributions to adaptation.

This document is developed based on UNCDF's LoCAL mechanism, which has been introduced and tested in 17 countries since 2011 and, as of 2021, has mobilized over USD 125 million, mostly in the form of grants to more than 300 subnational authorities, reaching over 12,5 million people, see Reference [19]. Case studies of sample countries that have implemented LoCAL are given in [Annex A](#).

The methodology and approach outlined in this document for a country-based system for financing local adaptation is referred to as the "LoCAL mechanism". LoCAL can be tailored to specific country circumstances to increase awareness of and capacities to respond to climate change at the local level, and mainstream climate change adaptation into local government planning and budgeting systems and investments. The LoCAL mechanism supports local adaptation by channelling climate finance to subnational authorities in LDCs and other developing countries. It thus aims to contribute to the country's achievement of the 2015 Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC) and the UN Sustainable Development Goals (SDGs): particularly poverty eradication (SDG 1), sustainable cities and communities (SDG 11), and climate action (SDG 13) at the local level. LoCAL increases local level climate change awareness and capacities and integrates climate change adaptation into local government planning and budgeting in a participatory and gender-sensitive manner.

The main component of the LoCAL mechanism is the performance-based climate resilience grants (PBCRGs), which ensures programming and verification of climate change expenditures at the local level while offering strong incentives for performance improvements in enhanced resilience along with technical and capacity-building support. PBCRGs provide financial support for subnational authorities being delivered through the LoCAL mechanism. They can also be complemented with other financial tools.

PBCRGs ensure that financial flows delivered under LoCAL include a performance element which incentivizes subnational authorities to target adaptation actions, while increasing transparency and accountability by enabling verification of climate change expenditures at the local level. By thus building capacity and trust, the PBCRGs improve subnational authorities' chances of accessing and effectively using wider sources of climate funding.

This document outlines an internationally recognized country-based mechanism to channel climate finance and increase local resilience through PBCRGs. The approach increases subnational authorities' access to (international) climate finance to implement climate change adaptation investments. This document aligns with the principles, requirements and guidelines outlined in ISO 14090. The design of the country-based mechanism and PBCRG system along with its implementation includes all elements identified in ISO 14090 including: pre-planning, assessing impacts, adaptation planning, implementation, monitoring and evaluation (M&E), and reporting and communication.

The LoCAL mechanism ensures the following four outputs:

- Output 1: Awareness of and capacities to respond to climate change at the subnational level are increased.

- Output 2: Mainstreaming climate change adaptation into government planning and budgeting systems, and investments are implemented in line with the PBCRG system.
- Output 3: Improving subnational authorities' chances of accessing and effectively using wider sources of climate funding.
- Output 4: Increased recognition of the role of subnational authorities in addressing climate change adaptation at the international level, through outreach, learning and quality assurance.

This document is structured around the following sections: [Clause 5](#) describes the LoCAL mechanism, [Clause 6](#) is on the design of the country-based system, [Clause 7](#) focuses on the PBCRG design, and [Clause 8](#) includes the requirements and guidance on the implementation of adaptation investments under the PBCRG.

In this document, the following verbal forms are used:

- “shall” indicates a requirement;
- “should” indicates a recommendation;
- “may” indicates a permission;
- “can” indicates a possibility or a capability.