



Locally Led Adaptation

KEY MESSAGES

- Locally led adaptation (LLA) is about ensuring that local people have individual and collective agency over the adaptation process. Over 80 entities spanning international organizations, national governments, non-governmental organizations, climate funds, private sector companies and social enterprises have now formally endorsed the Principles for Locally Led Adaptation and committed to operationalizing them in different ways.
- For Sub-Saharan African countries, where over 60 percent of the population are smallholder farmers and where over 55 percent of the urban population live in informal settlements, LLA holds the promise of unlocking variegated responses to highly localized risks in contexts marked by deficits in formal governance machinery.
- There are several options for deploying LLA on the ground. Broadly, in countries with mature state machinery, strong democratic institutions and institutional structures for devolution, LLA might be best supported by government-led national financing mechanisms, whereas mechanisms that rely on civil society organizations or constituent-based organizations might be more appropriate in fragile contexts.
- Transitioning to this mode of adaptation action requires an enabling environment with a few key components. There is a need for capacity building, as local actors often may not have a complete appreciation of the full spectrum of climate risk and can struggle to access, manage and deploy adaptation finance, and for patient institutional support over long timeframes.
- Effective LLA requires institutions that can access climate finance and channel it to relevant programs, projects or investments. Many countries



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in Africa have strong national institutions to access and/or deliver climate finance, including national funds and government agencies such as Ethiopia’s Climate Resilient Green Economy (CRGE) Facility and FONERWA in Rwanda. In countries where these institutions do not exist, international funders should support governments with patient finance to develop them.

- Putting local communities in a leadership position within a process of adaptation that tackles structural drivers of risk through strengthening local institutions may indeed be more complex and, in certain cases, have higher upfront costs than top-down, technocratic interventions. However, the evidence on returns on investment from adaptation initiatives that focus on the agency of communities suggests that the benefits far outweigh the costs.

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Denmark has set a clear goal. Sixty percent of our climate aid will help developing countries to adapt to climate change.”

H.E. Mette Frederiksen
Prime Minister of Denmark

INTRODUCTION

There is incontrovertible evidence that the world is grappling with a marked increase in climate risks with the intensification of hazards, growing numbers of vulnerable people and an expansion of areas exposed to climate impacts.¹ Africa is particularly at risk. The 10 countries in the world rated as most vulnerable to climate change on the latest ND-GAIN Country Index, for instance, are all in Africa.² This is why the time is ripe for governments across the continent to urgently shift away from existing, incremental methods for climate change adaptation and move toward more impactful, transformational approaches geared to ameliorate the scale of risks that countries in Africa face.

Locally Led Adaptation (LLA) is being widely recognized as an effective, efficient and equitable paradigm of delivering adaptation action. This approach to adaptation is about ensuring that local people have individual and collective agency over defining, prioritizing, designing, monitoring and evaluating adaptation actions.³ LLA ensures that mechanisms for managing risks are aligned with local contexts, embedded within local institutions, deliver a high return on investment, and result in outcomes that are more equitable than “business as usual” approaches. For Sub-Saharan African countries, where over 60 percent of the population are smallholder farmers⁴ and where over 55 percent of the urban population live in informal settlements,⁵ LLA holds the promise of unlocking variegated responses to highly localized risks in contexts marked by deficits in formal governance machinery.

This is also why over 80 entities (including the governments of the United States of America, the United Kingdom, Costa Rica, Nepal, Ireland, The Netherlands, Denmark, and Sweden) have formally committed to this agenda by pledging to implement the Principles for Locally Led Adaptation (Table 1) in different ways. For instance, the Government of Nepal is committed to delivering at least 80 percent of its climate change adaptation funding to the local level.⁶ The USA through its Agency for International Development has committed to ensure that 25 percent of funds go directly to local partners within

four years, and that 50 percent of its programming places local communities in the lead by 2030.⁷ The UK Government is integrating a thrust on LLA into its investments, including in the £274 million Climate Action for a Resilient Asia initiative that aims to help vulnerable communities lead local adaptation efforts.⁸ Other countries are in the process of determining specific actions that they will implement but have formally committed to supporting this model of climate adaptation action.⁹

Along with the positive momentum in favor of adopting LLA, there is a recognition that governments in Africa will need to overcome a few key challenges to operationalize this agenda. This is because at the heart of LLA is an emphasis on devolving decision-making agency and financing to local institutions. However, local public institutions in countries across the continent continue to have low administrative and fiscal capacity.¹⁰ Also, international finance institutions (IFIs) that channel most of the international public climate finance are, by and large, mandated to engage directly with national ministries, who then have the authority to devolve funding further. However, a range of political-economy challenges prevent this from happening effectively.

Despite these challenges, we are beginning to see strong examples from across Africa of LLA that can be operationalized through approaches that aim to respond to high levels of vulnerability to climate impacts such as drought, erratic rainfall, and extreme weather in both rural and urban contexts with the speed and scale needed. This chapter highlights the growing momentum toward LLA in Africa. It begins by outlining the rationale for LLA and explaining how LLA has been operationalized through different financial delivery mechanisms in Africa. The next section presents the enabling conditions for LLA, along with notable LLA case studies from across the African continent, before discussing some of the challenges faced in scaling up LLA in Africa. The next section analyses the experience of implementing LLA to date, summarizing key lessons that have emerged. The chapter concludes with lessons for governments, funders and civil society on how they can scale up LLA in Africa.

Box 1. Key Concepts: “Local” and “Participation vs Agency”

It is important to acknowledge that the term “local” is interpreted quite differently by different stakeholders. In climate and development, it refers to: stakeholders within a developing country; actors below the national level; community-level institutions; households; and individuals.¹¹ For the purposes of this chapter, local actors encompass the people and communities on the frontline of climate change. This also includes the formal and informal institutions below the national level that are composed of or directly accountable to local people, making them better placed to give local people agency over the process to enhance their adaptation to climate risk.

Similarly, to some “locally led adaptation” means that local actors “participate” in determining and/or implementing adaptation. However, we consider that LLA is not simply about delivering adaptation benefits at the local level by soliciting the “participation” of local communities in incremental decision-making. Rather it is about local people having individual and collective agency over defining, prioritizing, designing, monitoring and evaluating adaptation actions, and working with higher levels to implement and deliver adaptation solutions. Enshrined within this idea is an acknowledgement that while not all adaptation challenges can be met at the local level, decisions and actions *must* take place at the lowest effective tier of governance.



STATE AND TRENDS IN LLA

Over 80 entities spanning international organizations, national governments, multilateral organizations, bilateral institutions, non-governmental organizations, climate funds, private sector companies and social enterprises have now formally endorsed the Principles for Locally

Led Adaptation and committed to operationalizing them in different ways. These entities have pledged to “mainstream” or “integrate” the Principles within activities that are aligned with their individual mandates and institutional objectives. The LLA Principles with indicative pledges are included in Table 1.

Table 1. Principles for Locally Led Adaptation

<p><i>Principle 1: Devolving decision-making to the lowest appropriate level</i> ensures that those most affected by climate change have agency over decisions about adaptation finance and programming that will affect them.</p>
<p><i>Principle 2: Addressing structural inequalities faced by women, youth, children, people with disabilities, people who are displaced, Indigenous Peoples, and marginalized ethnic groups</i> entails actively recognizing and redressing the power dynamics, imbalances, and development deficits that create vulnerability, poverty, and marginalization.</p>
<p><i>Principle 3: Providing patient and predictable funding that can be accessed more easily</i> requires that funding mechanisms be simplified, and finance provided over longer, more predictable timescales to enable greater access to funding by local actors, support adaptive management and learning, and adequately strengthen local institutions.</p>
<p><i>Principle 4: Investing in local institutions to leave institutional legacies</i> means building and strengthening local institutions by building capacity to understand climate risks and uncertainties, capacity to generate resilience solutions, capacity to facilitate and manage adaptation initiatives, and capacity for local fiduciary responsibility and management so that these institutions can provide grants and loans to other local actors for local adaptation actions.</p>
<p><i>Principle 5: Building a robust understanding of climate risk and uncertainty</i> supports locally led adaptation by ensuring that interventions reflect understanding of local climate risks, current resilience-building practices, and uncertainties about direct and indirect climate impacts on local communities, as well as provide access to appropriate tools to handle uncertainties.</p>
<p><i>Principle 6: Flexible programming and learning</i> recognizes that it is important to maintain budget and programmatic flexibility as well as space for adaptive management and learning.</p>
<p><i>Principle 7: Ensuring transparency and accountability</i> requires that decision-making and governance structures are made explicit, so it is clear which decisions are made at what level of the organization and by whom. It also should be ensured that financing flows are made transparent and can be publicly tracked, and ultimate accountability should be to local actors themselves.</p>
<p><i>Principle 8: Coordinated action and investment</i> by donors, aid agencies, and governments recognizes the need for multiple levels of coordination, horizontally among communities and across sectors and vertically across levels of government and policy processes.</p>

The Case for LLA

LLA has been widely endorsed because of its many benefits. These are summarized here.

First, **ensuring that adaptation interventions are locally led enhances their effectiveness.** An important dimension of this is that local leadership ensures that interventions are calibrated with local social, political, and cultural contexts—which, in turn, leads to increased impact.¹² This is because successful adaptation actions must respond to highly localized, multiple-interacting stressors (as no two communities can ever have identical risk profiles) and incorporate diverse priorities, values, perspectives, inherited wisdom and interests, particularly of the most vulnerable.¹³ This is difficult

to achieve if adaptation processes are being led by exogenous entities that are unfamiliar with the specificities of the local milieu in which they are being implemented. Additionally, the devolution of decision-making also leads to a greater degree of agility, allowing for adaptation interventions to shift with changes in the operational environment while continuing to deliver benefits. Another important dimension of effectiveness is sustainability, and this is why a key emphasis within LLA is on developing and strengthening of local institutions. Transferring agency to local public and private entities develops their capacity to assess risks and deliver adaptation beyond individual projects.¹⁴ This is in contrast to the “business as usual” model where parallel project delivery mechanisms are established and run by

external experts who only stay in situ for the duration of a project.¹⁵

Second, **shifting to a model of adaptation that is locally led also leads to enhanced efficiency.**

Efficiency pertains to an idea of “optimization,” where “any investment in adaptation should maximize benefits of the intervention and minimize its costs.”¹⁶ Given the relative novelty of this framing, cost–benefit analyses of interventions that identify as LLA have not yet been developed. However, insights from existing, adjacent and analogous paradigms shed some light on returns from adaptation approaches where local actors have a strong influence on decision-making. For instance, a desk-based cost–benefit analysis of 23 such initiatives (eight from Africa) found that most delivered value for money, very few showed negative returns, and overall there was evidence that these delivered return-on-investment ratios ranging from 1:1 to double digits, with the highest yielding a return of 87:1 (in other words, US\$87 in benefits for every US\$1 spent).¹⁷ While financial costs are one important element, social costs have come to be another, since adaptation can contribute to vital but non-monetizable measures of wellbeing such as a quality of life or the preservation of important cultural sites.¹⁸ One study that draws on data from Africa and includes social cost in its methodology reaches a similar conclusion to find that such initiatives deliver a high rate of return on investment amounting to 400 percent.¹⁹ The reasons for this include the effective identification and use of existing institutional structures (as opposed to establishing new mechanisms); co-financing from local actors in the form of time, labor and expertise; and also the willingness of communities to invest in actions that deliver multiple co-benefits (as opposed to actions that deliver benefits only under specific climate scenarios).²⁰

Third, **employing the LLA Principles to design and deliver adaptation interventions also leads to more equitable benefits.** There are different streams of evidence that can support this, including the work of the Nobel Prize–winning economist Elinor Ostrom, which demonstrated how entrusting local communities to manage local resources and development processes delivered outcomes that were fairer and more just than processes that were led by those external to local contexts.²¹

More directly, for far too long the orientation of accountability mechanisms of international and nationally funded development initiatives (including those that have focused on adaptation) has been directed toward those providing the funding, whereas LLA underlines the importance of initiatives primarily being accountable to beneficiaries.²² Evidence from large initiatives that have piloted the use of such ‘business as usual’ accountability mechanisms (such as India’s nodal social protection initiative) conclusively demonstrates how this shift permits local actors to scrutinize investments, highlight malfeasance, and enhance equitable outcomes.²³

It is important to acknowledge that LLA builds on existing paradigms that have been employed in African countries. This includes community-based adaptation (CBA) and community-driven development (CDD). CBA is understood as “a partnership between institutions and communities—rather than something done for and imposed upon local peoples”;²⁴ CDD “focuses on strengthening the capacity of communities to play a greater role in their own development.”²⁵ In essence, all three paradigms accord importance to the views of communities in decision-making and aim to deliver action in close collaboration with local actors and to ensure that interventions are aligned with local norms and values. However, LLA goes a step further to underline the critical importance of putting local communities in a **leadership position** within the process of adaptation over the long term through local institutions and flexible programming that is delivered with a high degree of accountability to beneficiaries.

Transitioning to this mode of adaptation action requires an enabling environment with a few key components. There is a need for “capacity-building,” as local actors often may not have a complete appreciation of the full spectrum of climate risk and can struggle to access, manage and deploy adaptation finance. However, in contrast to this lack of capacity being used as a justification for their reduced role in adaptation decision-making, this actually proves the need for investing in them. Progress on adaptation is impossible without strengthening local institutions, people, and their communities by building a range of capabilities that includes the ability to analyze risks, execute actions adaptively, and form alliances and networks as well as access and manage resources.²⁶ This



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is only possible by ensuring a thrust on capacity development for LLA in organizational charters, policies and program strategies (as has been done for instance by USAID, the UK Foreign, Commonwealth and Development Office (FCDO), and the Government of Nepal).

It is also important to recognize that it is easier to operationalize LLA in contexts that already exhibit with a high degree of decentralization. However, in centralized regimes, instead of defaulting to “business as usual” approaches (where local communities are deprived of agency) adaptation actors must invest over the long term to operationalize the eight Principles to the degree possible by shaping policies and institutions through sustained advocacy for LLA.

Delivery Mechanisms

The emergence of LLA as a novel framework for climate action has resulted in important experimentation with different approaches to delivering LLA in practice. Local organizations (including civil society organizations, subnational governments, traditional authorities, communities, self-help groups, financial institutions, etc.) have worked in partnership with a range of national,

regional and international partners to access finance to deliver LLA in their localities. Many of these global organizations have even made formal commitments to support LLA, as outlined above. These include adaptation actions in sectors such as agriculture and food security, water security, ecosystem management, and urban housing.

Based on this experimentation, a clearer picture is emerging on the types of financial delivery mechanisms that are being used by governments, civil society organizations (CSOs) and the private sector to deliver LLA on the ground. These mechanisms are of three types:

1. Government delivery mechanisms such as national climate platforms, devolved climate finance (DCF), and adaptive social protection
2. Civil society delivery mechanisms such as regional funds and institutions delivering devolved grant programs, constituency-governed organizations, and microfinance
3. Private-sector delivery mechanisms such as formal finance and aggregators and risk-sharing facilities

These are now detailed in the following subsections.

Government Delivery Mechanisms

National climate platforms—delivering devolved grant programs accessed through enhanced direct access (EDA):

Several countries have established funds or institutions at the national level with a mandate to finance and implement climate-related programs in line with the country's national climate policies and strategies. These include Benin's Fonds National pour L'Environnement et le Climat (FNEC),²⁷ Ethiopia's Climate Resilient Green Economy (CRGE) Facility,²⁸ the Environmental Investment Fund (EIF) of Namibia,²⁹ the Rwanda Green Fund (FONERWA)³⁰ and South Africa's National Biodiversity Institute (SANBI).³¹ National funds or agencies access finance from international sources—for example, global climate funds like the Green Climate Fund (GCF), the Adaptation Fund (AF), multilateral development banks like the African Development Bank (AfDB), or bilateral donors.

While these financing structures are not new, a recent innovation by several global funds, including the GCF, is the use of EDA financing windows. EDA enables national funds to access GCF finance, which is used to capitalize devolved grant programs or loan facilities. These programs then on-grant or on-lend to local CSOs, local government bodies, or natural resource management groups, who design projects themselves and apply for funding to implement their locally defined adaptation initiatives. This new financing modality runs counter to traditional climate programming, which is designed at national and international levels. Instead, it devolves decision-making on adaptation investments from national to subnational levels in line with the first LLA Principle of subsidiarity. For example, in 2016 Namibia's EIF (the subject of Case Study 3 later in the chapter) accessed the first ever GCF EDA project, which allowed community conservancy organizations to develop projects and apply for finance under three thematic windows related to climate-resilient agriculture, climate-resilient infrastructure and ecosystem-based adaptation.

DCF: LLA is also being delivered through existing channels of devolution and subnational planning. This is an important mechanism because it mainstreams local adaptation planning, investment selection, and financing into formal government systems at the local level, instead of delivering adaptation interventions through parallel delivery

structures that exclude local governments and decision-makers. DCF can increase the sustainability of adaptation finance, since governments can allocate their own finance (either own-source revenue, or finance from donors) on a regular, predictable basis (via fiscal transfers from the national treasury to subnational government departments and agencies) to make adaptation investments that are based on the needs of local stakeholders.

Integrating climate planning and financing into devolution processes is a relatively new LLA financing mechanism, as climate planning and financing has typically been the purview of national ministries and agencies. A notable example of this in practice is the DCF program in Kenya, Tanzania, Mali and Senegal, (the subject of Case Study 2 later in the chapter), where subnational adaptation funds are established and capitalized through regular fiscal transfers from the central government. These funds are managed by local governments and used to invest in adaptation projects that are selected through an extensive consultative process with agricultural and pastoralist communities facing the impacts of drought and water scarcity.

Adaptive social protection: Social protection programs, such as Ethiopia's Poverty Safety Net Programme (PSNP),³² Kenya's Hunger Safety Net Programme,³³ and Uganda's Northern Uganda Social Action Fund,³⁴ are key poverty reduction programs in Africa. These programs provide vital cash transfers to the rural poor, and in the case of public works programs, help construct rural infrastructure and undertake landscape management practices that support local livelihoods. While many social protection programs are designed and have entitlements set by actors at the national and international levels, some programs are integrating new processes for climate risk management that are grounded in local decision-making. PSNP in Ethiopia, for instance, is beginning to integrate climate information services and vulnerability analysis into planning led by local officials and field staff, so that they can work with communities to select productive assets for construction that will provide longer-term resilience benefits.³⁵ This complements cash transfers, which can be used by local people to help manage climate-related shocks.

Civil Society Delivery Mechanisms

Regional funds and institutions—delivering devolved grant programs: In some parts of the world, regional institutions are taking a lead role in supporting LLA. This is particularly evident in the Pacific and Caribbean, where a highly dispersed geography and low population density makes it practical for a regional institution to aggregate demand for climate finance, act as a central hub for accessing finance, and disperse it across the region to actors at the subnational level for investments in locally identified and designed projects. The Micronesia Conservation Trust (MCT)³⁶ and the Caribbean Natural Resources Institute³⁷ both serve this role. MCT is accredited to both the AF and the GCF and has accessed finance through EDA to finance a grant program that delivers small grants to NGOs, civil society organizations, communities, local governments, marine or forest management groups, church groups and other local actors across five states and territories in Micronesia. MCT's grants programs have supported these actors to implement management plans for marine protected areas, to carry out ecosystem-based adaptation in coastal areas (including mangrove and coral reef regeneration), and to build sustainable livelihoods in aquaculture and improve fishery management, among other local initiatives. While this modality has not been applied in the same way at the regional level in Africa, it provides a model that could be replicated by regional organizations or public development banks for devolved grant or loan programs in Africa.

Constituency-governed organizations: These are organizations whose decision-making body or management structure is made up of representatives from the constituencies that those organizations serve. They are often membership-based federations or networks that represent a specific group of people or tackle a specific socioeconomic issue. Some examples of constituent-based organizations that deliver LLA are Slum Dwellers International (SDI), which focuses on urban poverty in 478 cities across 32 countries in Africa, Asia, and Latin America;³⁸ the Huairou Commission, a woman-led network of grassroots women's organizations across 45 countries;³⁹ and the Pawanka Fund, which supports Indigenous Peoples in 60 countries around the world.⁴⁰

Though constituency-governed organizations are not new in themselves, what is innovative about them in the context of LLA is that they have begun operating specific climate resilience funds or funding windows to deliver finance to their members. These funds are available to communities or grassroots federations to invest in locally defined adaptation priorities. They can be delivered through small grants programs. For example, the Huairou Commission's Community Resilience Funds have provided finance to organizations like the Shibuye Community Health Workers in Kenya to empower grassroots women to build resilience and become leaders of development processes in their communities.⁴¹ They can also be delivered by pooling member contributions and distributing those resources as revolving loans to be invested in local development actions with adaptation co-benefits, as in the Gungano Urban Poor Fund in Zimbabwe, which invests in secure housing for households living in urban poverty.⁴²

Microfinance: This has long been recognized as a tool that supports poverty reduction by providing finance for households and micro-, small and medium-sized enterprises (MSMEs) to invest in their livelihoods and businesses. Microfinance can also help households weather the shocks associated with climate change, both in that it can be used to invest in resilient, productive livelihoods, and also by households using surplus income from productive investments for subsistence expenses such as food, shelter, healthcare and protection of livestock when shocks occur.

Microfinance is not a new financial mechanism, nor are there any major financial design tweaks in how microfinance is being used to support LLA. What is new, however, is that microfinance providers are increasingly aligning their financing strategies to provide capital to households and MSMEs that invest in climate-resilient livelihoods. In many instances, this is accompanied with specific information or capacity-building support to its clients to help manage climate risks.⁴³ For example, Rwanda's FONERWA has provided capital to microfinance institutions that establish revolving loan facilities with low interest rates (2 percent, compared with 18 percent for market loans) for investments in agriculture that make them more resilient to climate impacts.⁴⁴

Private-sector Delivery Mechanisms

Formal finance: Private-sector finance also has an important role to play in financing LLA. This could include project financing of climate-resilient infrastructure, equity investment in green businesses, and subnational green bonds. A strong example of formal finance for locally led climate investments is the Cape Town Green Bond launched in 2017.⁴⁵ This was only the second municipal green bond ever launched in Africa, making it a unique case of a city government designing an investment vehicle that would provide formal finance for climate-resilient infrastructure. It was launched in the context of a severe water crisis that affected Cape Town, and included finance that the city has used for investments in water management, sanitation treatment and coastal protection.

Municipal green bonds can be good examples of LLA because they group together projects that are designed by municipal actors (assuming those projects are adaptation-focused) into a financial vehicle to attract outside financing; investment decisions from these are made by local actors, and proceeds contribute to the strengthening of local institutions. Once financing has been secured, the projects are then financed through the city government's capital expenditure budget and implemented by local agencies or contractors. While municipal green bonds are an innovative tool, there is a challenge in replicating these widely as many cities do not have the devolution frameworks allowing municipalities to borrow from private markets.⁴⁶

Aggregators and risk-sharing facilities: Aggregation platforms and risk-sharing facilities are increasingly being used to scale up finance for individuals, enterprises and projects that are too small to qualify for formal finance, but too big to qualify for microfinance. This financial delivery mechanism works by pooling the aggregate demand for finance across a group of local actors, who can use their collective bargaining power to access finance to launch projects or invest in businesses. For investors, aggregators have the benefit of having sufficient economies of scale to make an investment bankable, making it possible to provide larger amounts of finance at concessional rates.

Aggregators are a relatively new financial model in themselves. They are unique in that they provide

finance directly to smaller-scale enterprises and household businesses operating at the local level by aggregating demand for investment. Their unique application in the context of LLA is to support businesses that provide products and services to customers and households that make them more resilient to climate impacts. To date, aggregators that support LLA have predominantly focused on the agriculture and renewable energy sectors. The Africa Enterprise Challenge Fund's Renewable Energy and Adaptation to Climate Technologies (REACT) financing window⁴⁷ and Rwanda's Ignite Food Systems Challenge⁴⁸ are examples of aggregators that can support private-sector LLA. The Ignite Food Systems Challenge, for example, has provided start-up businesses with seed and scale-up capital to enhance resilience and provide business solutions to Rwandan farmers such as crop testing, hydroponic technologies, market connectivity, and reduced post-harvest losses.

It is important to note that these mechanisms—whether they are funds, organizations, policy processes or programs—are not in themselves unique new delivery modalities for (adaptation) finance. Many of them (e.g. microfinance institutions, national funds, devolution processes) are well-established mechanisms that have been around for decades. What *is* new is that these mechanisms are being adapted to support climate action—and, in particular, climate action that aligns with the LLA Principles. This is an important point for policymakers and financial providers: supporting LLA does not need to involve reinventing the wheel and creating entirely new financing mechanisms. But what it does require is tweaking these mechanisms so that they are centered around delivering finance into the hands of local actors to deliver on their own local adaptation priorities. In many countries in Africa, these mechanisms already exist in some form; efforts should not focus on duplicating existing financing channels, but rather adapting these existing mechanisms so that they better align with the LLA Principle of decision-making subsidiarity.

The following section goes deeper into how LLA has been delivered across the African continent, focusing in particular on some concrete examples of how these different delivery mechanisms have been used in different contexts to support LLA.

THE LLA LANDSCAPE IN AFRICA

This section outlines the experience of implementing LLA in Sub-Saharan Africa. It begins by looking at some of the enabling conditions for LLA that exist across the continent, including institutions for accessing and managing climate finance, national climate change strategies, and decentralization processes. It then turns to an examination of case studies on LLA in Africa. It concludes by outlining some of the challenges and constraints that inhibit the scaling up of LLA.

Enabling Environment

In the African continent, South Africa, Ethiopia, the Democratic Republic of the Congo, Tanzania and Burkina Faso are among the top five recipients of climate finance.⁴⁹ Overall, even though flows of finance are not commensurate with needs and Africa receives less finance than other developing regions, it is attracting increasingly significant flows of climate finance. However, globally less than 10 percent of funding committed under international climate funds to help developing countries take action on climate change is directed at the local level.⁵⁰ While computations of financing going to the local level in African countries do not yet exist, it is reasonable to expect that they will be equal to or lower than the global average.

The funding flows to countries on the continent have been facilitated by the development of national institutions for accessing and managing this finance. A good example of this is the CRGE facility in Ethiopia that was formed to help mobilize, access, and combine finances required for tackling climate change.⁵¹ CRGE aims to support institutions at all scales of governance, including local and community-based, to execute actions aimed at tackling climate change. For example, the institution's operational approach includes an emphasis on the importance of accommodating the specificities of local contexts in adaptation planning, strengthening local financial institutions to enable them to play a role in climate action, building the capacity of local actors/institutions, and ensuring that the views of local communities influence monitoring and evaluation.

This emphasis is also reflected in operational initiatives that the CRGE facility supports. For instance, the Resilient Landscapes and Livelihoods Project foregrounds the role of local institutions

(e.g. local watershed associations), drawing on local expertise and indigenous knowledge and establishing local channels of finance. In South Africa, the Green Fund of the Department of the Environment, Forestry and Fisheries plays a broadly similar role,⁵² and aims to support the transition of the South African economy to a low-carbon and climate-resilient growth pathway through a focus on supporting varied institutions, including local governments. More specifically, the fund has a dedicated financing window open to municipalities and municipal entities, enabling these bodies to lead on a range of actions promoting local adaptation. As previously described, analogous institutions in other African countries, such as EIF and Rwanda's FONERWA, are attempting to play a similar role.

The development of these institutions is accompanied by an increasingly mature policy environment. Just over a fourth of all countries on the continent have developed a National Adaptation Plan (NAP),⁵³ and two-thirds have a National Adaptation Programme of Action (NAPA).⁵⁴ While all emphasize the importance of focusing on local priorities, some of these plans reflect LLA as a priority more than others. For instance, Kenya's NAP emphasizes county-level climate financing mechanisms for adaptation where local actors play a decisive role in investment decision-making. Along with this, a large number of countries have developed domestic climate change strategies. For instance, in addition to the NAPA, Malawi has formulated a National Climate Change Management Policy and National Climate Change Investment Plan; Kenya has a National Climate Change Action Plan, a Climate Risk Management Framework and a National Climate Change Finance Policy; and Ethiopia has a CRGE strategy.

Again, while most of these policies highlight the importance of local agency and leadership in one way or another, some align with the tenets of LLA more than others. Taking just one example, Ethiopia's NAP underlines the importance of enhancing the capacity of local institutions (Principle 4), coordinated action at the local level (Principle 8), employing indigenous knowledge (Principle 5) and orienting monitoring and evaluation approaches toward the local level (Principle 7). The country's CRGE strategy too focuses on strengthening the rights of local people (Principle 2), building local institutions (Principle 4)



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and developing a robust understanding of climate risk, variability and uncertainty in determining adaptation action (Principle 5). Policies such as these provide models that can be amplified by others.

Across the board, countries in the region have varying degrees of decentralization (political, administrative, and fiscal) with some countries such as South Africa and Uganda being on the higher end of the spectrum, the Central African Republic, Niger, Sierra Leone, and Chad having very low decentralization, and most other countries falling somewhere in the middle.⁵⁵ Even though up-to-date data on this is scant, there is an emerging consensus that despite major challenges, countries in the region are gradually devolving an increasing

amount of authority to governance institutions below the national level.⁵⁶

Therefore, there are flows of climate finance as well as institutions and policies with a stated aim of supporting local climate action operating in a context of gradually increasing decentralization, providing the right enabling environment for LLA.

Case Studies

Across Sub-Saharan Africa we are beginning to see important examples of LLA emerge and mature. These case studies can serve as beacons for governments, civil society and international funders alike – providing important lessons for replicating, adapting, scaling out and scaling down across the continent.

CASE STUDY 1: Mukuru, Kenya

Mukuru is one of Nairobi’s largest slums, housing some 100,000 families. While people have lived here since the 1980s, housing conditions are extremely poor with frequent incidents of flood, fires, and other hazards apart from poor sanitation, water, and access to other basic services. To remedy the situation, the Nairobi City County (NCC) officially declared Mukuru as a Special Planning Area (SPA), ceasing further development activity for two years

until a Mukuru Integrated Development Plan is produced. Central to the SPA has been the creation of consortiums where community groups work alongside local government, academic institutions, and international organizations to identify investment priorities in the areas of water, sanitation and energy; health services; education, youth and culture; environment and natural resources; housing, infrastructure and commerce; and community organization.⁵⁷

To shift away from a “business as usual” way of working where “experts” exclusively assess risks, local organizations have employed community-centered methodologies to identify risks and develop action plans to address them.⁵⁸ This has resulted in a model of climate-resilient slum redevelopment that is authentically locally led. Much of this was made possible through financial support from international donors such as Misereor, the Ford and Rockefeller Foundations, and the Swedish International Development Cooperation Agency that was then channeled to constituent-based organizations with a strong local presence such as the Akiba Mashinani Trust, Muungano, and local affiliates of SDI. These organizations then catalyzed community planning processes with household-level representation.⁵⁹ In contrast to the usual approach where philanthropic and bilateral agencies would have funded international intermediaries (such as multilateral development banks or INGOs), in the case of Mukuru donors channeled money into mechanisms controlled by vulnerable communities and their representatives.

This example demonstrates how devolved decision-making can be operationalized to ensure that marginalized communities have a voice in the development of sustainable solutions for enhancing resilience in a transparent and accountable manner. It also demonstrates how local institutions can be strengthened to lead on adaptation planning with support from governments and non-government actors, and how “robust” decision-making that relies on melding insights from experts and communities can be operationalized. As such, this clearly aligns with the core tenets of LLA.



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CASE STUDY 2: Devolved Climate Finance in Kenya, Tanzania, Mali, and Senegal

DCF is an LLA mechanism that delivers finance to subnational governments via the national treasury so that local governments can finance their adaptation investment priorities. Under DCF, subnational climate funds are established within local governments (e.g. in Kenya at the county level). Climate Change Committees are then established at the local level. These Committees conduct local climate risk assessments, consult with communities, and engage vulnerable groups, to identify and prioritize resilience-building investments—for example, the construction of water infrastructure for communities, or rangeland management activities for pastoralists in the drylands. The Committees then provide recommendations to local governments who approve funding for these investments from the subnational funds. Bespoke tools for climate risk assessment, planning, and monitoring and evaluation are developed to support Committees identify, prioritize, and monitor adaptation investments.

The first DCF pilot was initiated in Kenya in 2011 in Isiolo county. In 2013, DCF scaled out to four additional counties (Garissa, Kitui, Makueni and Wajir), collectively covering 29 percent of Kenya's land mass and 3.3 million people. Tanzania began piloting DCF in three districts in 2014, followed by Mali and Senegal in 2015. By 2019, DCF in Mali and Senegal had reached over 1 million people with climate-related investments.⁶⁰ As of 2019, a total of £6 million had been invested across the four countries for a total of 284 community-prioritized investments in water, improved soil, agroforestry, livestock, natural resource governance, livelihoods, and food security. A review of DCF mechanisms in 2019 showed that DCF provided more cost-effective, accountable and locally relevant climate decision-making compared to existing government planning approaches, with approximately 10 percent of finance being allocated for administration and planning and 90 percent for concrete investments at the local level.⁶¹

DCF is a successful model of LLA because it works within existing government systems to downscale climate finance to the local level. DCF works in governance contexts where planning and financing is significantly devolved to lower tiers of government, as in Kenya, which enacted a new Constitution in 2010 that devolves executive and legislative functions of government to 47 county governments. Rather than bypassing the government, DCF uses financial resources that are channeled from the national treasury (finance can come from own-source revenue or international donors) to county governments. County governments establish the adaptation funds and commit regular resources from national government transfers to these funds. In 2016, Wajir became the first county to specifically earmark

finance from its budget, formalizing a commitment of 2 percent of its development budget for the County Climate Change Fund.⁶²

Overall, this financing mechanism for LLA is a radically different approach from donor- or INGO-funded adaptation projects, since it works to strengthen national financial systems and empowers local government bodies to take the lead on adaptation finance. In Kenya, intermediary organizations such as the International Institute for Environment and Development have worked with county governments for 10 years to provide patient support to develop the institutional architecture for county-level adaptation funds and to build the capacity of local actors to identify and finance climate-resilient investments.

The DCF approach has not been without its challenges. Securing donor finance for the development and strengthening of DCF institutions in Kenya, Tanzania, Mali and Senegal has required accessing funds from multiple donors over many project cycles, since no single long-term source of international finance exists for the development of climate finance institutions. At the local level, there also continue to be challenges in ensuring that marginalized groups such as women, Indigenous Peoples and youth can participate in decisions around adaptation investment selection due to entrenched power structures that privilege men when it comes to decision-making. Accessing downscaled climate data and integrating information that is relevant, understandable and usable for local actors who make adaptation investment decisions has also been a challenge.

After 10 years of patient investment and institutional strengthening, DCF in Kenya received a massive boost in 2021 with the announcement by the World Bank of the Financing Locally Led Climate Action (FLLoCA) program.⁶³ FLLoCA will pool funding from donors and deliver over US\$150 million in investment to strengthen and scale up DCF across Kenya between 2021 and 2026. This commitment represents the largest single investment so far in an initiative that embodies the LLA Principles.⁶⁴ It shows that there are opportunities for international donors to scale up investment in LLA, and highlights the value in providing patient, long-term support to build the capacity of local institutions to manage and deliver their own adaptation finance.



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CASE STUDY 3: Namibia's Environmental Investment Fund

The EIF is a national fund that finances equitable development and the sustainable management of natural resources in Namibia. The fund was launched in 2012 and is capitalized by environmental taxes and levies from the national government, as well as through climate finance from international and bilateral donors. In 2016, the EIF became the first organization to access finance from the GCF through its EDA financial modality for the US\$10 million Empower to Adapt project.

Empower to Adapt provides finance to gazetted communal conservancies and community forests, which are community-based institutions that are self-governed, through representatives elected by local people.⁶⁵ The program has a dedicated US\$8 million grant facility where the EIF provides grants to community conservancies who apply for funding under different thematic grant windows. The grant facility provides community conservancies with

grants ranging between US\$50,000 and US\$400,000 for a period of one to three years to invest in climate-resilient agriculture, climate-resilient infrastructure, and ecosystem-based adaptation. In total, 33 grants have been awarded to date, 76,000 people have benefited, and 7.2 million hectares of land have come under sustainable landscape management in Namibia.⁶⁶

Empower to Adapt is an example of LLA where a national fund accesses international climate finance and delivers it to the local level for investments that are identified and designed by local actors themselves. It is an important example of LLA because it was the first GCF EDA project, which helped establish the viability of this financing mechanism for a major international funder. EDA is different from traditional donor financing models since the national fund that accesses GCF money is not responsible for project implementation; that role



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is devolved to community conservancies. In addition, the actual projects that were funded by Empower to Adapt were not pre-selected and approved by the GCF; rather, projects were designed by community organizations, and the decision on which projects were funded was made at the national level. As such, “individual sub-projects neither [had] to be presented in the funding proposal nor subsequently submitted to GCF for approval. Instead, the decision-making mechanism for such sub-projects [was] devolved at the country level through pre-approved selection criteria.”⁶⁷

The EDA financing modality used by Empower to Adapt meets the LLA Principle of subsidiarity, by devolving project design and implementation to the local level. However, it also still centralizes the overall decision-making process through which adaptation initiatives get funded with the EIF at the national level, which is not entirely in the spirit of the LLA Principles.

The duration of support (one to three years) also fails to meet LLA Principle 4 around patient and predictable finance. The future design of EDA initiatives could therefore approach financing as a longer-term commitment to strengthen local institutional capacity, rather than just a short-term grants program.

Despite these shortcomings, looking forward, there is still a rationale for using EDA to finance adaptation, albeit with some design tweaks that improve its alignment with the LLA Principles. However, further financial commitments to EDA have stalled in recent years. Since 2016 only two other EDA projects have been approved by the GCF. This highlights the need to scale up EDA in the future; with the LLA Principles offering guidance on how such scaling up could bring better localization of decision-making and institutional support.

CASE STUDY 4: Local Climate Adaptive Living Facility (LoCAL)

Since 2011, the United Nations Capital Development Fund (UNCDF) has been implementing the LoCAL program in over 30 countries across the world, 22 of which are in Africa.⁶⁸ LoCAL supports local governments to mainstream adaptation into regular development planning processes and provides governments with financial resources to make adaptation investments. It does so by delivering climate finance through government systems to local government authorities and their communities. Payments are referred to as “performance-based climate resilience grants” (PBCRGs), which involve a mixture of capacity support and grant finance, so that money can be effectively spent on climate-proofing local infrastructure. PBCRGs provide a financial “top up” to cover the additional costs of making development investments climate-resilient. This enables local governments to fund “the adaptation element of larger investments, allowing for holistic responses to climate change...[and] provide an incentive for local governments to integrate adaptation and climate-proof local development.”⁶⁹

LoCAL is delivered through a four-step process that gradually scales out support in each country as subnational governments build capacity to finance adaptation investments. It begins with a Design Phase that involves scoping of the appropriate financial circuit to channel funds to the local level, establish institutional arrangements, and define the size of the grants and the indicative menu of eligible investments depending on local climate, ecosystem, and economic contexts. Then, Phase I involves piloting the LoCAL approach in two to four local governments. Within Africa, Burkina Faso, Lesotho, Malawi, Mali, Senegal, Tanzania, and Uganda are in Phase I of the LoCAL approach. Phase II scales up the LoCAL delivery mechanism to 5–10 percent of a country’s subnational governments. Benin, The Gambia, Ghana, Mozambique and Niger are all in Phase II. Phase III concludes with a full national roll-out of LoCAL based on the lessons of the previous phase. At this stage, domestic and international



climate finance are brought in to finance adaptation investments. No countries within Africa have reached Phase III yet. Bhutan and Cambodia are the only two countries globally that have begun a full roll-out of LoCAL.

LoCAL is an example of LLA financing because it puts financial resources in the hands of local governments that have the mandate and authority to plan climate change responses but which often lack the finance to do so. It uses the decentralized climate finance mechanism described in the previous section, providing performance-based resilience grants through national financial systems, which are then channeled to local governments. LoCAL is also unique in its commitment to patient and predictable financing. Over LoCAL’s four-stage process, subnational governments are gradually strengthened and support is eventually scaled out from a few pilot governments to all subnational governments across the whole country. This approach underlines how development financiers can take the long view of building capacity over time so that gradually subnational governments can build capacity to mainstream climate adaptation into planning and financing.

Challenges for Delivering LLA in Africa

Challenges for operationalizing LLA in Africa can broadly be categorized as those that are on the **supply side** (i.e. pertaining to those providing finance) or on the **demand side** (pertaining to those receiving and utilizing finance for LLA). Furthermore, challenges within these two broad categories can further be divided into those that are “institutional” and those that are “technical.”

On the supply side, one major institutional challenge is that IFIs that provide much of the international public climate finance are mandated to deliver finance through multilateral actors or to national-level actors (mostly government agencies and ministries). While EDA modalities that include subnational institutions do exist, these are still far from being the norm as the focus is still largely on national institutions.⁷⁰ This is a function of the political economy of national governments, which seek to retain agency in allocating finances coming in. For example, while Nigeria has a federal structure, “the relationship between state and local government is more of domination and hijacking of local government functions.”⁷¹ This is also a function of weak institutional capacity of local governments across Africa. On average, only 14.1 percent of staff expenditure in the public sector in Africa is allocated to local governments, which are responsible for only 11 percent of all public investment.⁷² These figures are less than half the global average and much lower than those for low- and lower-middle-income countries outside Africa.

Many local governments lack the trained staff and the budget to operationalize policies effectively—particularly in sectors that require a degree of technical know-how such as adaptation to climate impacts. Additionally, studies undertaken in the context of particular countries on the continent also yield insights on how “...local authorities lack the legal mandate, resources, and technical know-how to successfully implement climate change adaptation.”⁷³ This results in major impediments to operationalizing the subsidiarity principle inherent in LLA, whereby decisions and actions should take place at the lowest most effective institutional unit.⁷⁴ However, instead of this lack of capacity being employed as a reason to avoid investments in LLA, it should be recognized as an urgent gap

to be filled through strategic investments and support for delivering long-term and durable gains in vulnerability reduction.

On the demand side, an important challenge is around “readiness” for accessing, managing and utilizing climate finance. While there are examples of simplified access modalities (where, for instance, applications have been permitted in video format or in regional languages), these are far from the norm.⁷⁵ The fact that many local organizations lack the know-how to utilize financing received in line with donor expectations, or are unable to meet the fiduciary standards stipulated by them, also leads to impediments for channeling finance to local institutions. Linked to this is the challenge that there are a range of technical impediments when it comes to delivering adaptation at the local scale. One element of this is the lack of user-friendly climate information. Much of the climate information available for Africa comes from global data sets (e.g. CMIP5) with broad geographical coverage. However, local institutions (e.g. municipalities) are often concerned with much smaller geographical units, reducing the usefulness of these models.⁷⁶

The ideal alternative is to focus on developing “low regret” adaptation actions that would deliver benefits under a range of possible climate scenarios, but the capacity to develop and execute these continues to be a challenge. This is closely linked to a challenge faced by recipients around developing a “climate rationale” where they are expected to demonstrate how the issue that they want to tackle is caused in whole or part by climate change (as opposed to only tackling development deficits)—a task fraught with technical impediments, not least because determining attribution at local scales is expensive, time-consuming, and requires expertise.⁷⁷ In African countries these challenges are acute; for instance, 70 percent of local governments report a lack of awareness about ways of tackling climate change or of local climate impacts.⁷⁸

KEY INSIGHTS ON LLA

The preceding sections have demonstrated the growing salience of LLA as a new paradigm for adaptation that has a coherent set of underpinning values and a growing number of operational examples that can be emulated and amplified. This section presents some key insights that are

emerging from this new set of principles on financing and delivering LLA.

First, while LLA offers a new framing for how international and national actors can support adaptation processes, it is not necessary to create entirely new delivery structures to deliver LLA. One

of its main innovations is linking global and national sources of finance with subnational institutions and actors who can take charge of delivering adaptation initiatives based on clearly defined local priorities, using existing financing modalities. As a result, government actors and development partners wishing to scale up LLA can adapt existing financial mechanisms that already work but integrate a more concrete approach to “subsidiarity” that devolves decision-making on adaptation investment to lower levels.

Second, there is no one-size-fits-all solution for operationalizing LLA. The section on delivery mechanisms for LLA highlighted several such mechanisms that are starting to demonstrate impact. Which of these is suitable, and where, is dependent on national and subnational governance structures, fiscal characteristics, and the policy environment. For instance, LLA might be best supported by government-led national financing mechanisms in countries with mature state machinery, strong democratic institutions and institutional structures for devolution, whereas mechanisms that rely on civil society organizations or constituent-based organizations might be more appropriate in fragile contexts. Investments in LLA must therefore be preceded by close scrutiny of the operational context in partnership with communities and other key stakeholders.

Third, while scaling up LLA is an important piece of the puzzle, it is equally important for governments and development partners to strengthen institutional capacity for delivering LLA. National and subnational institutions need to build financial and program management capacity so that they can increasingly absorb larger flows of finance and/or channel such flows into local adaptation investments. This is precisely the action called for in Principle 4. Local institutions need patient support to improve their financial management and accounting practices; investments in human resources to hire, train and retain technical and professional staff; capacity to analyze climate projections and undertake scenario

planning to identify the most robust investments for a range of potential climate futures; and scaled-up program management capacity to deliver longer and more complex adaptation programs. Much of this capacity is still nascent in LLA delivery mechanisms and will require patient institutional support over long timeframes.

Finally, the preceding sections help repudiate two common misconceptions about LLA. First is the charge that LLA is an advocacy-oriented agenda and pathways of operationalizing it are not yet evident. In fact, a number of mechanisms are already in place that can be leveraged to put LLA into practice, and different approaches are already in use in African countries and are delivering impact. These provide models that can be translated, emulated and employed to help tackle climate risk expeditiously across the continent. The second charge that is leveled at LLA is that it is “resource intensive.” Putting local communities in a leadership position within a process of adaptation that tackles structural drivers of risk through strengthening local institutions may indeed be more complex, and in certain cases, have higher upfront costs than top-down, technocratic interventions. However, the evidence on returns on investment from adaptation initiatives that focus on the agency of communities suggests that the benefits far outweigh the costs.

RECOMMENDATIONS

Based on the insights outlined in the previous section, we offer the following recommendations for how international funders (such as multilateral development banks, climate funds and bilateral donors), national governments and civil society actors can scale up LLA in Africa.

Recommendations for International Funders

International funders should provide finance to establish and/or strengthen institutions that can channel adaptation finance at the local level

Effective LLA requires institutions that can access climate finance and channel it to relevant programs, projects or investments. Many countries in Africa have strong national institutions to access and/or deliver climate finance, including national funds and government agencies such as Ethiopia’s CRGE and FONERWA in Rwanda. In countries where these institutions do not exist, international funders

should support governments with patient finance to develop them. Where these institutions already exist, IFIs and climate funds should provide long-term finance for institutional strengthening so that these institutions can increasingly access larger amounts of finance and manage longer-term initiatives. This should include support for strengthening financial management systems; human resources; safeguards and compliance; the hiring, training and retention of technical and professional staff; communications; and monitoring and evaluation.

International funders should significantly scale up the volume of climate finance that they deliver through LLA mechanisms

International funders do not deliver a significant amount of finance that is aligned with the LLA Principles, instead favoring traditional programming modalities of delivering finance to national governments or implementing programs through large multilateral organizations and international NGOs. There is a significant opportunity for funders to put their financial weight behind delivery mechanisms—whether they be national, regional, subnational, constituency-governed or private sector—that put finance and decision-making power into the hands of local people and organizations. Such a scaling up should include both greater amounts of finance and a longer duration of financial support (say, seven or more years). The FLLoCA program in Kenya highlights one way in which IFIs can scale up finance in the context of decentralized climate finance.

International funders—in particular global climate funds—should create channels for providing finance directly to subnational governments and institutions

EDA programs in Namibia and South Africa have been successful in demonstrating that international finance can be channeled to the local level (via national institutions) to help communities and local groups adapt to climate change. In the first instance, EDA should be expanded and simplified so that more countries can develop experience in downscaling climate finance to subnational actors. However, this model can also be downscaled one step further. Subnational and city governments should also be able to access climate finance from international funds. Importantly, they require simplified access procedures so that there are not multi-year delays

in accessing finance while they become accredited and have projects approved. For climate funds, this type of modality could involve establishing new financing windows or disbursement rules for subnational entities to access finance. It will also likely involve the need to provide technical support to build the capacity of local actors over time. The City Climate Finance Gap Fund, financed by the World Bank and the European Investment Bank to provide technical assistance to city governments in OECD Development Assistance Committee (DAC) countries to develop project pipelines and bankable projects, is one example of how new funds can specifically promote subnational climate finance.⁷⁹ Recent changes at the GCF to provide streamlined access to GCF resources for non-accredited entities under the “project-specific assessment approach” show that even large funders like the GCF can develop new solutions to respond to innovative demands for accessing finance, meaning that the possibility of subnational accreditation and accessing should be considered within the GCF going forward.⁸⁰

International funders should significantly increase finance to constituency-governed organizations that provide some of the most locally grounded adaptation solutions

Constituency-governed organizations are embedded in marginalized and vulnerable communities and play a vital role in supporting equity and inclusion—values that go to the very core of LLA. They provide finance to invest in adaptation solutions that require patient investment and support to alter power structures that have traditionally excluded specific groups (e.g. women, Indigenous Peoples, ethnic minorities). Organizations like SDI, the Huairou Commission and the Pawanka Fund often provide regular, recurrent capital to their membership base, albeit in relatively small volumes since they operate on smaller budgets and do not have access to larger-scale finance from international funders. IFIs (which provide the bulk of international public climate finance) should explore new partnerships with constituency-governed organizations to position these groups more prominently to deliver adaptation at scale. This should involve finding ways to reduce the transaction costs of supporting smaller organizations, and developing workable arrangements that balance the needs for strict fiduciary management arrangements and reporting systems, etc. with the ability to deliver

agile investment that supports livelihoods and resilience on the ground.

Recommendations for Governments

Countries with devolved governance systems should establish subnational adaptation planning and investment processes so that climate action is downscaled to local governments

Many successful examples of LLA emanate from contexts that have crossed a critical threshold with regard to decentralization and devolution. This chapter has highlighted several examples of this,

including DCF mechanisms in Kenya, Tanzania, Mali and Senegal, and the LoCAL program, which is supporting decentralization with performance-based resilience grants to climate-proof investments in more than 20 African countries. In these contexts, there are structures through which subnational institutions and local actors can voice their adaptation needs, identify priorities, and shape investments. Delivering LLA through devolution can also enable governments to provide their own-source finance to meet investment gaps.



Photo: Nyani Quarmyne/Panos Pictures

In countries without devolved government systems, governments should build the capacity of national climate finance institutions to deliver finance in line with the LLA Principles

Not all countries have devolved governance systems. However, countries with centralized governments can still use national climate funds and government agencies to deliver climate finance to the local level in a manner where local actors (e.g. community institutions, natural resource management groups, businesses, etc.) can design investments, propose projects, and access central funds. This could include EDA-type initiatives with on-granting or revolving loan windows, which would ensure a certain downscaling of adaptation decision-making around the design of locally relevant investments. This chapter has highlighted two examples of EDA in South Africa and Namibia, but there is a wealth of national funds across Africa that could learn from this experience and replicate such an approach.

Where governments deliver local level development programs with adaptation co-benefits, these should be aligned with the LLA Principles

In many African countries, national governments and their agencies at subnational and local levels finance and implement vital programs that reduce poverty and improve livelihoods and wellbeing. These include social protection programs, agricultural extension programs, natural resource management and many more. Many of these initiatives deliver strong adaptation co-benefits alongside the core development objectives of the programs. African governments should mainstream climate risk management into these programs in line with LLA Principles, as Ethiopia is currently doing with the PSNP.

Governments should explore the possibility of creating and/or capacitating subnational climate funds and institutions that can access adaptation finance

At present, international climate finance earmarked for governments is predominantly delivered to national-level institutions and agencies. However, there is a need to downscale capacity so that subnational institutions—at state, county, provincial, regional, city or community levels—can access finance to implement adaptation initiatives.

Subnational funds and institutions could develop project pipelines, develop investment vehicles like green bonds, deliver adaptation programs, and deliver resilience infrastructure investments. Where relevant, subnational actors should explore avenues to become accredited to international climate funds, or to establish partnerships through subnational platforms and donor initiatives to access climate finance. One example of where this is already coming to fruition is in the urban context, where several global platforms exist to improve climate finance delivery to cities, such as the AfDB's Urban and Municipal Development Fund.

Recommendations for Civil Society Organizations

Civil society organizations should expand the coverage of tried and tested LLA delivery mechanisms, while also deepening support so that they are longer-term and more predictable

This chapter has highlighted several effective delivery mechanisms that provide finance in different ways for LLA such as constituency-governed funds, devolved grants programs, and microfinance. These initiatives should be scaled out to support more communities where possible. However, a key finding from the analysis of civil society LLA mechanisms is that for many CSOs, the duration of their financial support for local groups has tended to be short-term due to their small operating budgets and short donor timeframes. CSOs should explore options to embed LLA initiatives in longer-term work programs—for instance, by developing concrete decade-long program frameworks for adaptation and capacity development of local institutions. Such program frameworks could bring in different donors to top up finance as the program progresses. This model would contrast with the current approach where CSOs regularly develop new projects to align with donor funding timelines. Constituency-governed organizations like SDI have demonstrated that this type of long-term commitment is possible.

Large-scale NGOs that deliver finance through traditional international financing modalities should aim to mainstream the LLA Principles into programming in order to improve accountability for local constituents

A significant amount of global adaptation finance is delivered by international NGOs through initiatives

that are designed at national and global levels. These programs may be based on an understanding of local context and staffed by national experts, but they do not necessarily put local actors in the driver's seat on the design or implementation of the programs. Given that this finance is likely to remain part of the global climate finance architecture for some time, particularly in countries with weak governance contexts, international NGOs should aim to embed the LLA Principles in their operations. In particular, this should focus on more concerted co-design of adaptation interventions so that investments are truly based on local needs. International NGOs should take an approach that builds local institutional structures to drive decision-making for the duration of projects, so that these structures can continue to lead on adaptation initiatives after NGO support concludes.

Recommendation for Increasing Private-Sector Investment in LLA

The private-sector contribution to LLA remains under-researched and there is a need to better understand how this vitally important group of stakeholders can support LLA

This requires exploring the incentives that can drive private-sector action in this domain (say, through the development of cost–benefit metrics or return-on-investment calculations); analyzing how existing domains of adaptation action where the private-sector is active (e.g. hazard insurance, agricultural technology, waste management, energy solutions) can be made more “locally led”; and conceptualizing the policy environment that could “nudge” this sector toward investments and engagement in LLA.

Box 2. Future Research Questions for LLA



LLA practice in Africa still has many unanswered questions that require further research. For example:

What are the most effective mechanisms for subnational institutions (e.g. local governments, cities, CSOs, network-based organizations, MFIs) to deliver more efficient and streamlined access to finance from IFIs and global climate funds in a way that delivers better results?

What are the best methodologies to conduct cost–benefit analysis that are specific to LLA and can help to understand the differences with traditional delivery models and their effectiveness?

What are the most effective delivery models for the private sector to scale up the delivery of products and services that support local adaptation?

The answers to these questions are at the core of scaling up LLA practice in Africa.