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Building community resilience through national climate funds



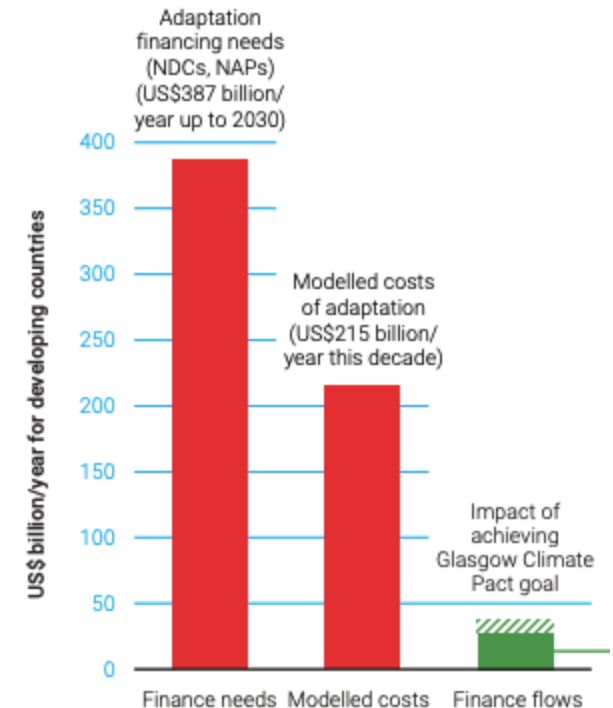
Community Resilience Partnership Program

Supporting investments in resilience that reach scale while ensuring no one is left behind



ADB DMCs are increasingly interested in national vehicles for climate finance

- Significant gaps for financing adaptation and resilience to climate risks and impacts on economic activity, livelihoods, infrastructure
- Increasing interest in nationally coordinated finance vehicles or funds to invest in identified priorities:
 - Blend finance from public, private, other sources
 - Coordinate across departments, governance levels, donors
 - On- or off-budget
 - Independent secretariats or inside gov't departments
- But channeling to the local level can be difficult



Source: UNEP. 2024. *Adaptation Gap Report 2024 – Come Hell or High Water.*

How can such finance be channelled to local levels?

Local communities can be defined as:

Groups of people who live in a defined administrative unit, share a common culture, values, and norms, or are exposed to shared shocks and stresses.

Local community *actors* can be defined as:

Individuals, households, and formal and informal institutions below national level that are composed of or directly accountable to local people.

These include the following actors:

- **Public**—subnational authorities, based on the levels of decentralization in the country, that are responsible for meeting local needs, particularly through public services, infrastructure provision, and the development, implementation, and enforcement of regulatory frameworks and policy.
- **Private**—formal and informal micro, small, and medium enterprises (including cooperatives), run by individuals in the community. Such enterprises form a country's economic backbone, driving economic growth, generating employment, and alleviating poverty.
- **Civil society**—formal and informal community-based organizations (such as grassroots women's groups), nongovernment organizations, and social movements that reach and represent excluded people, invest in locally-led, people-centered solutions and engage in political and social issues to shift public opinion, norms and behaviors, and public and private action.
- **Households and individuals**—particularly women, youth, children, people with disabilities, displaced people, Indigenous Peoples, and other marginalized groups that have been excluded from the decisions and resources that affect them most, who may be able to access finance to, for example, make their housing more climate resilient, or who may be provided support through social protection initiatives.

Funds with Existing Community Windows

Country	National Climate Fund	Year Established
Antigua and Barbuda	Sustainable Island Resource Framework Fund (SIRFF)	2015
Bangladesh	Bangladesh Climate Change Trust Fund (BCCTF)	2010
Bhutan	Bhutan Trust Fund for Environmental Conservation (BT FEC)	1992
Burkina Faso	The Environmental Intervention Fund (Le Fonds d'Intervention pour l'Environnement) (FIE)	2015
Colombia	National Fund for Environmental Action and Children (Fondo para la Acción Ambiental y la Niñez) (FPAA)	2000
Fiji	Climate Relocation of Communities Trust Fund (CRCTF)	2023
Indonesia	Environment Fund (EF) and Nusantara Fund for the Welfare and Sustainable Economy of Indigenous Peoples and Local Communities (NF)	2021 and 2023
Lao PDR	Environmental Protection Fund (EPF)	2005
Mexico	Fondo Mexicano para la Conservacion de la Naturaleza AC (FMCN)	1994
Micronesia	Micronesia Conservation Trust Fund (MCTF)	2002
Namibia	Environment Investment Fund (EIF)	2001
Philippines	People's Survival Fund (PSF)	2012
RMI	Resilience and Adaptation Trust Fund (RATF)	2023
Rwanda	Rwanda Green Fund (FONERWA)	2005
South Africa	South African National Biodiversity Institute (SANBI)	2014
Tonga	Tonga Climate Change Fund (TCCF)	2017

Key elements to consider when designing Funds with community windows

Define	Define objectives and ambitions for Funds
Ensure	Ensure that local actors are eligible for accessing funding
Provide	Provide direct support to local community actors with appropriate accountability mechanisms
Establish	Establish allocation commitments for local community actors
Target	Actively target poorest and most marginalised people
Invest in	Invest in local community actor capacities to access and utilise funds
Ensure	Ensure the voices of the local community in governance and decision-making
Identify	Identify an appropriate fund mechanism for channelling resources

Green and Resilient Financing Facility: Climate Resiliency through Local Action

Suman Prasad Sharma

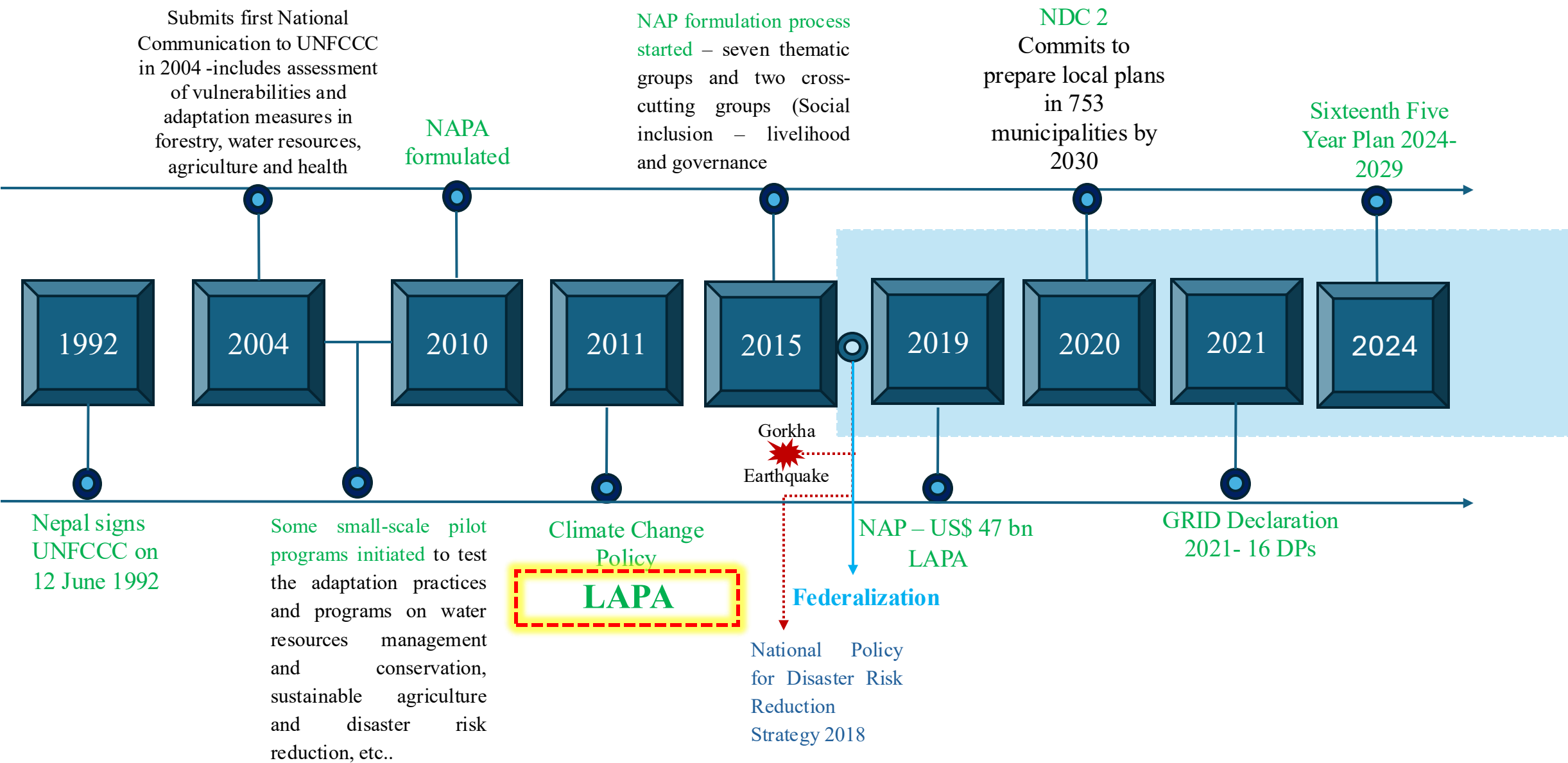


Nepal: Current Context

- 30 million people; annual GDP is only around US\$ 40 billion (< 0.04% of the world GDP)
- At risk of losing 2.2% of annual GDP due to climate change by 2050 (ADB)
- 139 out of 182 countries in the ND-GAIN Index: High vulnerability due to its diverse geography, extreme weather events, and dependency on climate-sensitive sectors like agriculture.

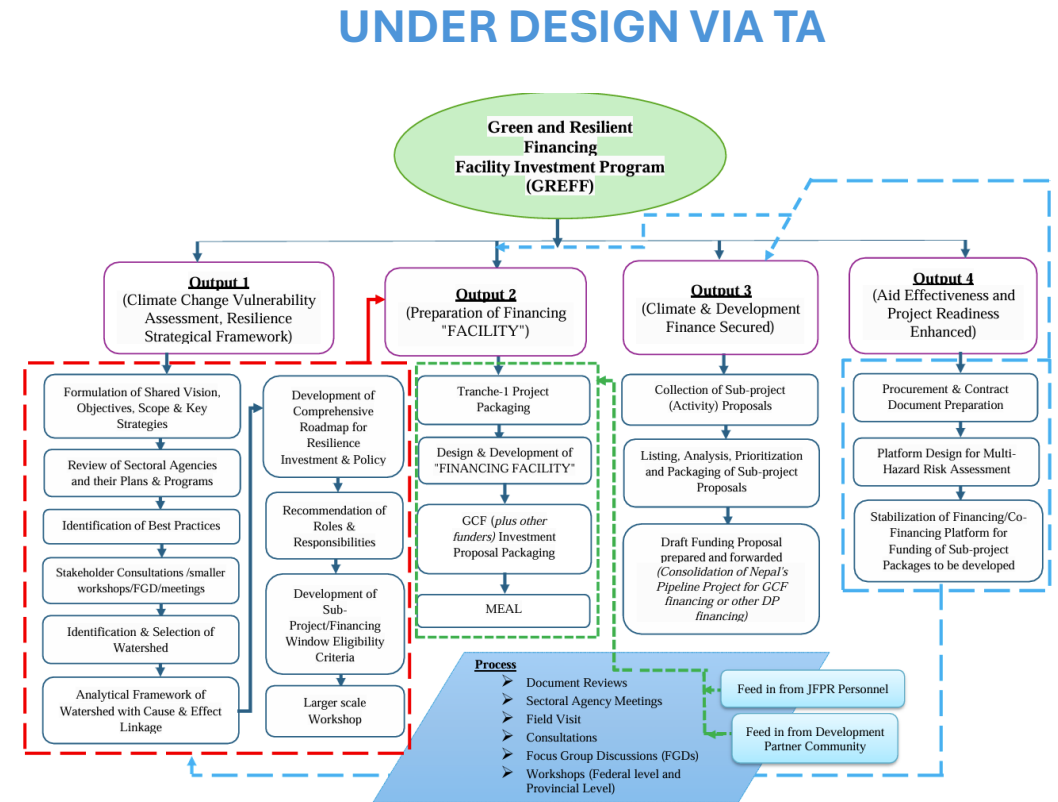
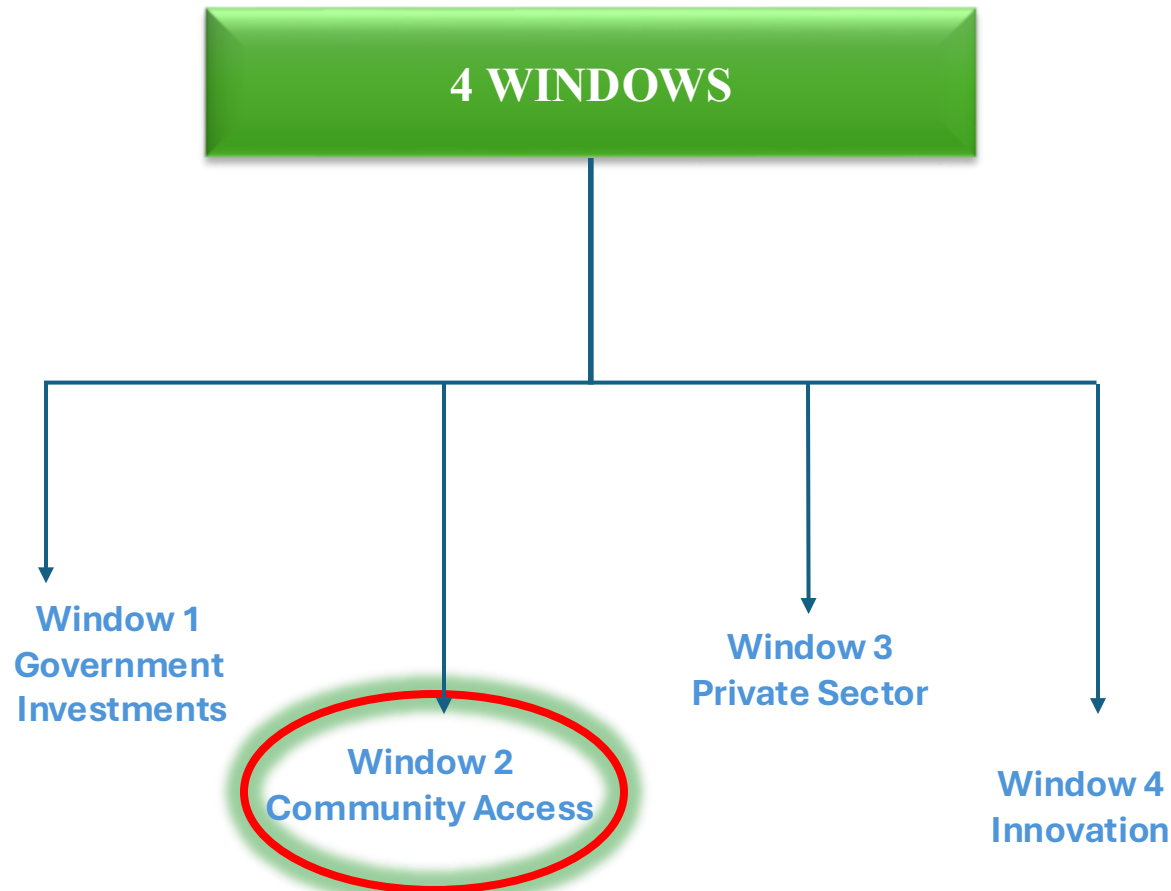


Nepal: Policy Context



Nepal's Green and Resilient Financing Facility

A national financing vehicle for Nepal that coordinates, blends, and channels climate finance



GREFF Window 2: Leveraging Existing Local Adaptation Plans of Action

LAPA is Nepal's unique effort to address locally based adaptation programs

Integrated into LG budgets (WASH, disaster, roads, etc.) —
costing difficult to isolate



Prepared for only 2 to 4 years
No long-term funding planning

Divided across sectors —
Detailed cost analysis not feasible

High appetite among LGs for LAPA

Opportunity to create a **dedicated funding program**



Local Adaptation Plan for Action (LAPA)

2018/19-2020/21

(FY 2075/076-2077/078 B.S.)



Tribeni Rural Municipality Ward Number: 2, Rukum (West)
(Former Rugha Village Development Committee, Ward Number 2 to 5)

Over 200 prepared
out of 753
municipalities

Comparing Modalities for Channeling Finance

Approaches	Advantages	Disadvantages	Preferred by
ON-BUDGET, ON-TREASURY	<ul style="list-style-type: none"> • High government ownership • Intends to help capacitate government institutions • Likely to achieve 80% target of climate change policy • Can handle large projects 	<ul style="list-style-type: none"> • Slow and gets caught in the bureaucratic process • Risk of timely project completion 	<ul style="list-style-type: none"> • Government institutions • Some development partners, like the Asian Development Bank
ON-BUDGET, OFF-TREASURY	<ul style="list-style-type: none"> • Government ownership • The government is informed about the funds being utilized • Likely to achieve 80% target of climate change policy • Likelihood of timely completion of a project 	<ul style="list-style-type: none"> • Inadequate support for capacity building of government institutions • Less government control and ownership 	Development partners, e.g., UN agencies, prefer this modality (Also NCCSP)
OFF-BUDGET, OFF-TREASURY	<ul style="list-style-type: none"> • Timely delivery and completion of a project • Easy to deliver the project activities • Doesn't get caught in government processes 	<ul style="list-style-type: none"> • Less government ownership • Doesn't help capacitate government institutions • Almost no government control • Risk of not achieving 80% target of climate change policy 	<ul style="list-style-type: none"> • International Non-Governmental Organizations • Some bilateral donors

[illegible]

PG – Provincial Government PSC – Provincial Level Project Steering Committee PSG – Project Support Group SA – Service Agencies (contractors, NGOs, CBOs, agencies, community groups, etc.) SPV – Special Purpose Vehicle

- Disbursement flow line
- Decision Support flow line
- Coordination, Facilitation, Feedback

Reflections on Fund Design



Policy Environment and Practices

- Comprehensive policy framework requires robust implementation commitment
- Past programs have yielded positive results, but ample opportunities exist for improvements
- Existing indigenous and innovative practices must be promoted together with updated knowledge



Implementation Arrangements

- Deep-rooted community engagement enhances the likelihood of success and sustainability
- A Community Adaptation Fund, a Central SPV and a Blended Fund Flow arrangement (On and Off Budget) may be viable arrangements to support implementation
- Local Governments must serve as the foundational anchors for the successful implementation of community-based adaptation programs.



Program Focus for Effectiveness

- Focus must be placed on agriculture and livelihood improvement through MSMEs and tourism services, Disaster Response and Management
- Addressing the forward linkages including access to fair market and other related challenges are important
- Capacity building and support must be dynamically evolving and should address the entire value chain, R & D integration is necessary
- Investment for good infrastructure is necessary

Thank You!

Questions?

