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Building community resilience through national climate funds





COMMUNITY RESILIENCE PARTNERSHIP PROGRAM TECHNICAL NOTE #6

CEMBER 2024

Getting Money to the Local Level Building Community Resilience Through National Climate Funds

Introduction

Climate shocks and stresses such as heat waves, sea-level rise, changes in rainfall patterns, and increases in the intensity and frequency of extreme weather events are always affecting the healthoods, health, water security, and food security of millions of people in the Asia and Partific region.

In 2023 alone, the Asia and Pacific region experienced heat waves, with temperatures above 45°C in many economies, and all-time high temperatures registered in the Lan People's Democratic Republic, Thaland, and Viet Nam. India was inundated by flends. Guare, Japan, the Philippries, and Tajat, China left this distruction of typhoon Mawar, and Barghadesh, Indonesia, Myarmar, and Vanuatu weer in the 'topical cyclonesia and severe storms. Further to these extreme events, dow creat changes of sea level ties, changes to local temperatures and rarival posterior, disease of the control of the factors the local response to local temperatures and rarival posterior, disease efficiation, and glacier melt affected the local of millors (ABB 2024). Climate change is projected to further impact the frequency, intensity, extent, duration, and timing of extreme weather events, including unprecedented extremes, and to after trends and induce shifts in the lone-term swerzer climate.

As economias self to reduce such impacts, increasing climate linearce that is channeled throughtin economy mechanisms is becoming increasingly important. This can be done by introducing adaptive features in social and welfare programs across various sectors, or by strengthening systems and processes, such as chimate-responser final transfer mechanisms. It can also be done by establishing rational direate funds that provide targeted financing for climate actions. National climate funds can be effective mechanisms for mobilizing and delivering francing for implement adaptions and notice place in the control of powerments are setting up such funds.

In the delivery of adaptation financing, it is important to consider the ability to respond to the localized nature of climate impacts. The adverse impacts of climate change

Photo: KALAHI-CIDSS National Community-Driven Development Project in the Philippines. Beneficiaries of the Parties of Parelyang Rilipero Program plant vegetable community genders around Barangay Ketipunan, Pilar, Sungso Del Norte.

Community Resilience Partnership Program

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









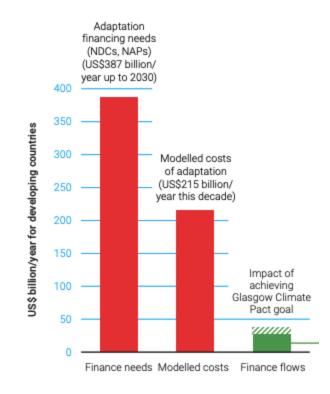






ADB DMCs are increasingly interested in national vehicles for climate finance

- 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:
 - o Blend finance from public, private, other sources
 - Coordinate across departments, governance levels, donors
 - o 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 (BTFEC)	1992
Burkina Faso	The Environmental Intervention Fund (Le Fonds d'Intervention pour	2015
	l'Environnement) (FIE)	
Colombia	National Fund for Environmental Action and Children (Fondo para la Acción	2000
	Ambiental y la Niñez) (FPAA)	
Fiji	Climate Relocation of Communities Trust Fund (CRCTF)	2023
Indonesia	Environment Fund (EF) and Nusantara Fund for the Welfare and Sustainable	2021 and
	Economy of Indigenous Peoples and Local Communities (NF)	2023
Lao PDR	Environmental Protection Fund (EPF)	2005
Mexico	Fondo Mexicano para la Conservacion de la Naturaleza AC (FMCN)	
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

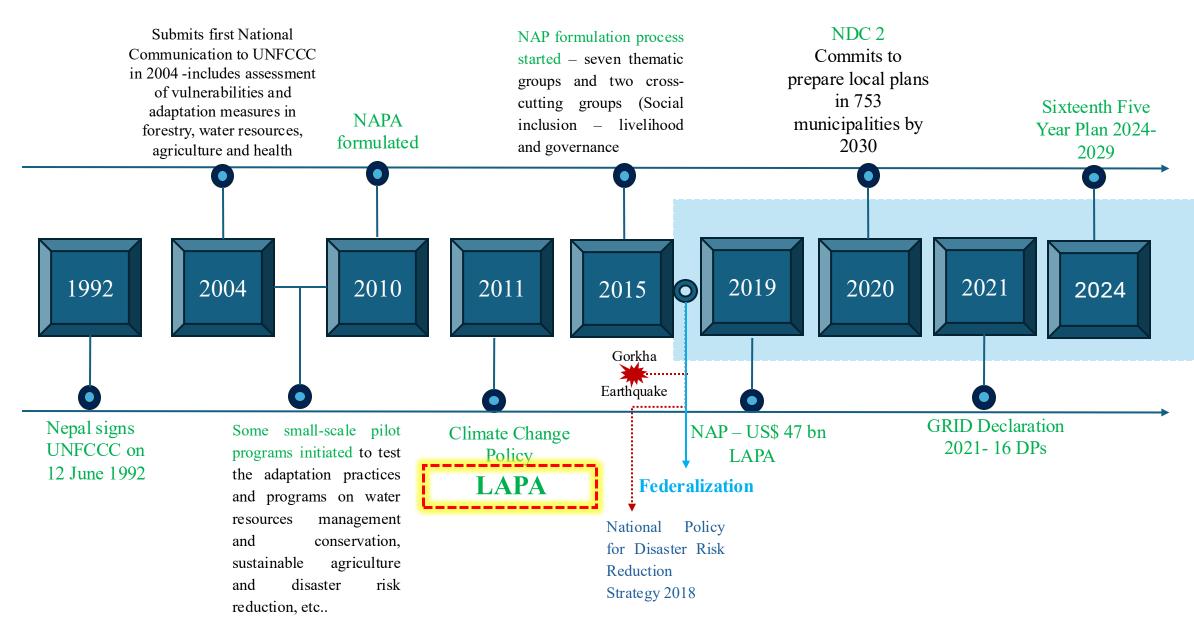


Nepal: Current Context

- 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.

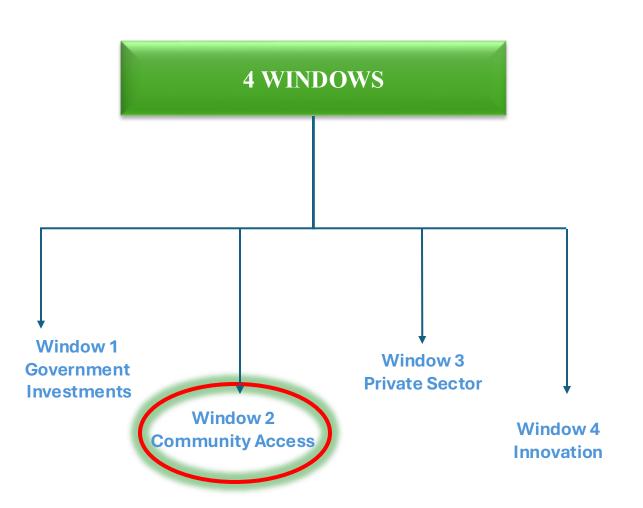


Nepal: Policy Context

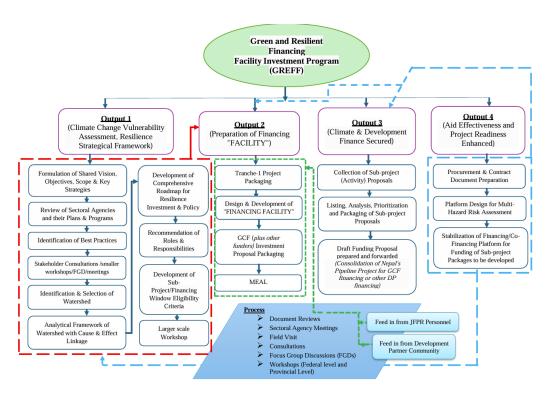


Nepal's Green and Resilient Financing Facility

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



UNDER DESIGN VIA TA



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.)

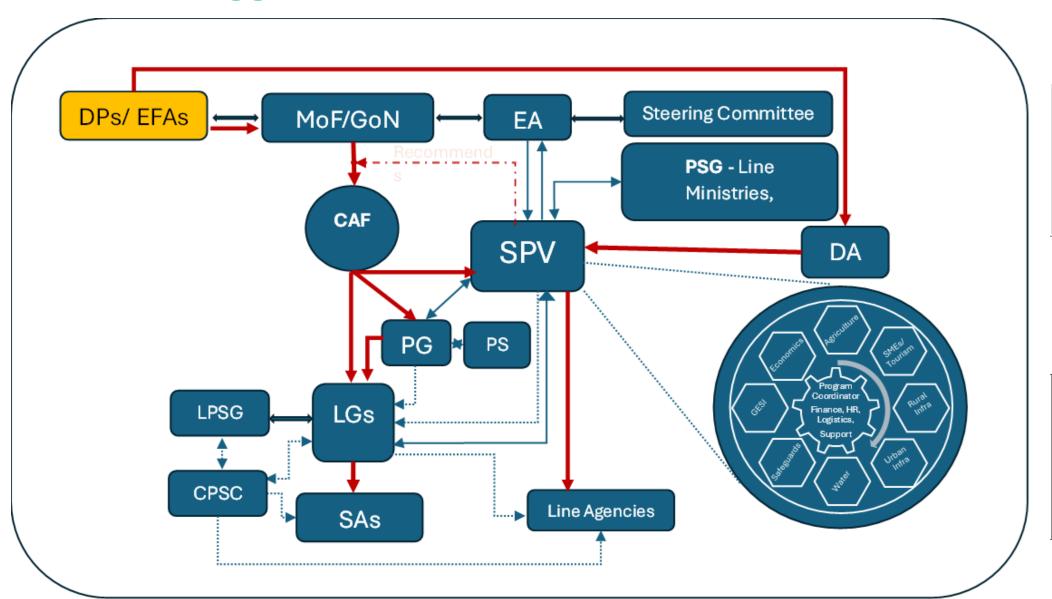


Tribeni Rural Municipality Ward Number: 2, Rukum (West) (Former Rugha Village Development Committee, Ward Number 2 to 5) Over 200 prepared out of 753 municipalities

Comparing Modalities for Channeling Finance

Approaches	Advantages	Disadvantages	Preferred by
ON-BUDGET, ON-TREASURY	 High government ownership Intends to help capacitate government institutions Likely to achieve 80% target of climate change policy Can handle large projects 	 Slow and gets caught in the bureaucratic process Risk of timely project completion 	 Government institutions Some development partners, like the Asian Development Bank
ON-BUDGET, OFF-TREASURY	 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 	 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	 Timely delivery and completion of a project Easy to deliver the project activities Doesn't get caught in government processes 	 Less government ownership Doesn't help capacitate government institutions Almost no government control Risk of not achieving 80% target of climate change policy 	 International Non-Governmental Organizations Some bilateral donors

GREFF: Suggested Fund Flow



CAF – Community Adaptation Fund

CPSC-Community Level Project Support Committee

DA- Designated Account

DP - Development Partner

EA – Executing Agency

EFA- External Financing Agency

LG - Local Government

LPSG-Local Government Level Project Support Group

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



- 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



- 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.



- 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?













