How can decentralization support locally led climate action?

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Problem: climate finance is a fragmented and confusing landscape

International Public Climate Finance

Finance deployed through multilateral, bilateral and MDB systems

Dedicated Climate Finance

Concessional finance with climate focus

Example: Grant funding from the Green Climate Fund for coastal zone resilience, mitigation finance from Climate Investment Fund

Development Finance with Climate Benefits

MDB balance sheet investment with climate co-benefits

Example: World Bank loan for a rooftop solar program

Other Climate Finance

Other funding sources that can be catalyzed by international public climate finance

Private Finance

Commercially oriented investment in climate assets

Example: Investment in wind farm for power generation by the private sector

Public Investments

Domestic government spending supporting climate goals

Example: State-owned utility builds a solar power plant

RBCF and Carbon Markets

Payments for outcomes (RBCF) or revenues from selling carbon emission allowances or offsets **Example:** REDD project sells emission reduction credits to a company with net-zero pledge

Sources of dedicated international climate finance include:











Problem: the climate crisis is a social crisis

- Local capacities and traditional knowledge are often invisible and undermined by outside actors
- Social inequality and poverty drive vulnerability to climate shocks and stressors
- Climate mitigation policies have serious impacts on poverty and social inclusion
- Transitions require major behavioral and cultural shifts-need to bring people along in decision making

- Less than 10% of climate finance directed to local level
- National policies and climate commitments not informed by realities on the ground, small scale efforts challenged to scale up
- Projectized, short-term approaches vs building sustainable, national systems for climate action
- Need to get to scale

Principles for Locally Led Adaptation

Developed by the Global Commission on Adaptation

Devolving decision making to the lowest appropriate level Addressing structural inequalities faced by women, youth, children, people with disabilities, displaced, Indigenous Peoples and marginalized ethnic groups

Providing patient and predictable funding that can be accessed more easily

Investing in local capabilities to leave an institutional legacy

Building a robust understanding of climate risk and uncertainty

Flexible programming and learning

Ensuring transparency and accountability

Collaborative action and investment

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3 key design elements of Locally Led Climate Action

Subsidiarity

Meaningful participation

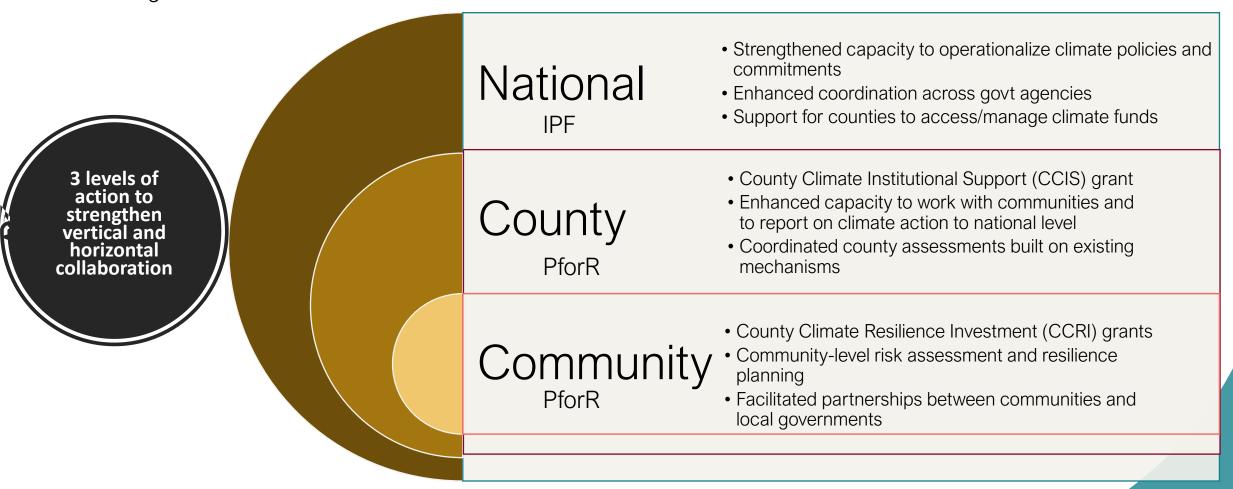
- Devolving decision making to the lowest appropriate level
- Need for multi-scalar planning that is informed by and facilitates local level participatory processes
- Addressing root causes of vulnerability
- Vulnerable and marginalized can meaningfully participate in and lead decision making

Climate-informed

- Building a robust understanding of climate risk and uncertainty
- Informing decisions through a combination of local, traditional and scientific knowledge that can enable resilience under a range of future climate scenario

Kenya Financing Locally Led Climate Action (FLLoCA)

PDO: to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks.



FLLoCA's performance mechanism includes two grants to incentivize participatory processes and local action

Decentralization and Devolved Climate Finance

- SCALE: Reached people on the ground at the necessary scale
- SUSTAINABILITY: Avoids projectized approach builds onto existing govt mechanisms to strengthen a national scale system for climate finance and action
- PARTNERSHIPS: Between citizens, CSOs, local and national govt
- LEVERAGING: Serves as a platform to crowd in other sources of climate finance
- VERTICAL CONNECTIONS: Local to national to inform NDCs, LTSs, and other national climate commitments

**CAVEAT: Consider the context - Meet people where they are

Thank you

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