THE CHARACTERISTICS OF EFFECTIVE CLIMATE FINANCE

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Global discussions around climate finance and the Green Climate Fund are coming to a head, but big questions still remain about the standards that will guide the management of climate funds.

What is clear is that climate change is:

- increasing the frequency and severity of some, but not all, natural hazards
- increasing people's vulnerability and exposure to regularly experienced shocks and stresses
- increasing uncertainty and unexpected events.

In 2010 the Centre for Research on the Epidemiology of Disasters recorded 373 natural-disaster events that killed over 296,800 people, affected the lives of 208 million people and cost nearly US$110bn.[1] Such statistics are alarming and are set to worsen. Risk drivers such as climate change are already increasing the severity and unpredictability of certain weather-related hazards. Alongside other risk drivers – such as rapid, unplanned urbanisation, population growth and environmental degradation – it increases the exposure to and impact of natural hazards such as cyclones, floods and droughts – which can result in death, destruction and misery.

This briefing draws on Christian Aid's experience of reducing disaster risks and strengthening the capacity of communities to prepare for, and respond to, natural hazards. It identifies three key characteristics of effective climate finance that should be used to monitor and evaluate the use of climate funds.

Looking at examples from across Africa, Asia and Latin America, our experience tells us that climate finance is effective when it:

1. Reduces climate-related disaster risks at the local level.
2. Empowers local communities, and groups that are particularly vulnerable, through processes that are inclusive and participatory.
3. Supports the integration of climate change adaptation (CCA), disaster risk reduction (DRR) and sustainable development, and the institutions and networks needed for integration.

Effective climate finance reduces climate-related disaster risks at the local level

Since the Hyogo Framework for Action (HFA) on disaster risk reduction (DRR)[2] was agreed by over 170 states, in 2005, worldwide efforts have greatly increased to make DRR a priority – building preparedness, educating about and reducing disaster risks. However, millions are still at risk of disasters, and recent reports like *Views from the Frontline 2011* suggest efforts to meet the HFA are not delivering at local level.[3]

For climate finance to reduce climate-related disaster risks, it needs to support delivery of the HFA at local level. This can be supported through national laws prioritising DRR and CCA efforts at the municipal and local level. Such laws have begun to create the financial and legal frameworks needed for local delivery of the HFA. New legislation passed in Honduras and the Philippines, for example, has emerged as a result of efforts by government, and by a coalition of civil society, local communities and scientific and DRR experts.

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In Honduras, 62 per cent of the population lives in poverty and 42 per cent in extreme poverty. Many poor communities live on slopes or flood plains, making them vulnerable to climate-related and other natural hazards such as floods, hurricanes or earthquakes.

Despite devastation by Hurricane Mitch and the 1999 reforms, the National Contingencies Law (1991) continued to focus on humanitarian response after the event – and failed adequately to address prevention and risk management. For the four years following 2006, Christian Aid partner ASONOG, a network of civil society organisations, worked to re-energise national structures for DRR and led the development of a new national DRR law for the country.

The SINAGER law, as the DRR legislation is known, was finally passed in August 2009 and implemented in October 2010. In terms of delivering on HFA commitments at a local level, it includes a budget increase that municipalities now have to allocate to DRR. This will translate into infrastructural protection, training in preparedness and risks mitigation, and the organisation of communities and municipal teams to respond according to a set plan in the event of a disaster.

A second important element delivered by the law is that communities are now appropriately represented, through municipal and local emergency committees, so that they can have their say at national level on how SINAGER is implemented. This has enabled better linking of the concerns of remote communities to a dedicated department of the president's office.

In May 2010 the new DRR Management Act was passed in the Philippines. The law has now shifted the main focus of disaster management away from emergency response towards prevention, protection and empowerment

In the Philippines, prior to 2010, disasters were treated as inevitable and legislation was primarily focused on centralised emergency relief. Government funds for relief efforts could only be mobilised 24 hours after a state of calamity was declared by the president, meaning that vulnerable people had to wait for a disaster to occur before they could get any help.

In 2008, following the presentation by civil society of the Strategic National Action Plan on DRR to Congress, Christian Aid partners were instrumental in convening the DRR Network of the Philippines (DRRNet) – a network of more than 300 civil society institutions and individual experts – to advocate for more national and local commitment to DRR and for law reforms. This cross-sector network combined public campaigning and awareness-raising with targeted lobbying of the Philippine Congress to create a powerful movement for the new law. The flooding of Metro Manila by Typhoon Ketsana, in September 2009, also placed national policy-makers face-to-face with disaster and public opinion.

As a result of these efforts, in May 2010 the new DRR Management Act was passed in the Philippines. The law has now shifted the main focus of disaster management away from emergency response towards prevention, protection and empowerment. The result is a more decentralised approach to DRR and disaster response, with civil society organisations and communities (as well as the private sector) recognised as key stakeholders for implementation of the law, alongside government.

At national level the Disaster Risk Reduction Management (DRRM) law has meant an expansion of the National DRRM Council and, perhaps more importantly, it has mandated the inclusion of civil society in DRRM councils – which work with local, regional and national governments for implementation and monitoring of the DRRM law. This is recognition of the valuable contribution of CSOs in representing and developing the capacities of communities, identifying risks, accessing resources for DRR and relief, and managing volunteers during times of disaster.

Also, local government units (LGUs) have been recognised as the frontline of emergency response, poverty reduction and development planning. LGUs are now mandated to initiate DRR work through the creation of local DRRM offices. They have been given responsibility for implementation of the law, greater flexibility in the allocation of resources to do this, and can be held to account (by being penalised if they do not adhere to the law).

Effective climate finance empowers local communities, and groups that are particularly vulnerable, through processes that are inclusive and participatory

The improved DRR laws in Honduras and the Philippines both include provisions to ensure local communities can be involved in developing the right disaster risk reduction measures for their communities. This is due to the growing recognition that participation of local people and communities is essential for effectively identifying risk and agreeing resilience-building local development plans (participatory land use plans, and so on up to national adaptation strategies), reducing that risk and building resilient communities.

In addition, donors, governments and humanitarian agencies are increasingly aware of the need to be accountable to disaster-affected communities and those most at risk. Put simply, if climate finance is meant to support vulnerable communities to become more resilient to the impacts of climate change, then whoever manages those funds, or the projects they finance, must be accountable to those vulnerable communities.

One method of participatory and inclusive community-led disaster risk reduction work is through participatory vulnerability and capacity assessments (PVCAs). PVCAs outline an approach to multi-stakeholder engagement that draws on existing participation tools. These tools identify the process of analysing problems and risks and finding solutions as the building block to resilient development processes. Going through the PVCA process can help organisations, communities and local authorities to understand community level risks, how community members perceive and respond to these threats, what resources and capacities are available and where support is needed by local government or other actors.

In Malawi, through the PVCA process, communities identified the obvious risks they faced, such as drought and food insecurity, but also highlighted other hazards contributing to their vulnerability to disasters such as floods, HIV/AIDS, pestilence, and underlying factors such as poverty and poor health. The community also identified their strengths – such as good local leadership at village level, land available for cultivation, and manpower. Analysing the risks and the capacities that existed, they were able to identify an action plan with activities they could do themselves and others that needed financing and supporting – for which they were able to seek support. The results have been increased production, a reduction in migration for work during drought periods, and a greater safety net of food and savings to help recovery in the event of drought, flood or pestilence.[4]

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In Burkina Faso, conducting PVCAs helped communities to increase their knowledge and discuss and review their perceptions of disasters. It helped them to understand the natural environmental, social and economic causes of disasters, and also to identify ways to reduce these risks.

The process of engaging communities in analysis of their disaster risks and vulnerabilities, and the responses needed to address these, led to a programme of civil society monitoring of DRR policies and financing. In the past, communities were often unable to influence where and how international aid for DRR and resilience-building was invested. (Such aid came from government or international organisations, such as Christian Aid.) This was due, in part, to lack of understanding, and fear of challenging decision-makers in case they withdrew the aid.

Whilst the importance of multi-stakeholder participation for climate resilience building is well recognised, significant drawbacks remain to genuine accountability and engagement. Recent analysis of the World Bank Pilot Project for Climate Resilience (PPCR) – which drew on the PPCR missions' reports, and feedback from Southern partners – suggests that while NGOs are identified as an important, even critical, sector with which to link, such engagement is largely considered an extractive exercise (that is, that it makes the most of extensive civil society experience in disaster risk reduction, adaptation and community development, but then shuts civil society out of decision-making and involvement in implementation). So, while nine of the twelve missions highlighted NGO involvement and had procedures for consultation, only one (Tonga) involved civil society representation in decision-making (as part of the Technical Working Group) and only one (Tonga again) identified specific activities for NGO implementation.

Effective climate finance supports the integration of CCA, DRR and sustainable development and the institutions and networks needed for integration

In order for climate finance to reinforce and safeguard sustainable and disaster-resilient development, it will need to support efforts to integrate climate change adapation with development and disaster risk reduction efforts.

Christian Aid has been working with the Institute of Development Studies (IDS) and Plan International to develop a Climate Smart Approach to Disaster Risk Management (CSDRM) which creates a framework to support integration, with three pillars of action.[5]

Networks of multiple sectors and stakeholders are essential for delivering on all three of the key characteristics of effective climate finance

Pillar one: tackle changing disaster risk and uncertainties

Pillar one supports the priority areas of the Hyogo Framework of Action (HFA), highlighting the importance of collaboration between multiple actors. The CSDRM approach treats climate change as a key consideration and attempts (given that climate change did not feature so strongly in the original HFA agreement) to insert it into the most critical, climate-sensitive elements of the HFA.

Pillar two: enhance adaptive capacity

Adaptive capacity refers to our ability to manage change sustainably, by strengthening resilience. Promoting adaptive capacity means that institutions and networks learn and use knowledge and experience and create flexibility in problem solving. Enhancing adaptive capacity is a key strategy for managing increasing uncertainty associated with changing climate, and allows people and organisations to respond to shocks and unexpected events more effectively. The CSDRM approach weaves together many of the characteristics of adaptive capacity and attempts to present these in a practical way.

Pillar three: address poverty, vulnerability and their structural causes

The third pillar looks at the root causes of poverty and vulnerability and underlines the importance of access to power structures and resources. A lack of skills and institutions (markets and press freedom) coupled with macro forces, such as urbanisation and population growth, contribute to vulnerability. The CSDRM approach recognises the complexities and interdependencies of each intervention and promotes the interrelation of the three pillars.[6]

Climate finance enabling stakeholders to act

To adequately ensure integration of CCA, DRR and development, a range of actors are needed. Networks of multiple sectors and stakeholders are essential for delivering on all three of the key characteristics of effective climate finance that we have looked at in this briefing.

This clearly shows that for climate finance to be effective it needs to be accessible to a range of key sectors:

- To local government (requiring adequate funds and support from central government).
- To civil society, to support local communities to communicate and influence local government plans and help implement them.
- To effective scientific institutions, resourcing them to provide information that is accessible to local organisations and local government.

Endnotes

1 See CRED CRUNCH, issue no.23, p1:http://reliefweb.int/sites/reliefweb.int/files/resources F7E6E30438715736C125784C 004D2F49-Full_Report.pdf

2 For details on the five priority areas of the HFA, please go to unisdr.org/we/coordinate/hfa

3 The evidence of the [*If we do not join hands...*] *Views from the Frontline 2011* study is that there is a growing gap between the UN's 'Hyogo Framework for Action' and its implementation at the frontline where disasters impact. globalnetwork-dr.org/views-from-the-frontline/voices-from-the-frontline-2011/vfl-2011-final-report-web-version

4 Jose Luis Penya, Jacob Nyrongo, *Beyond Awareness: understanding leads to action*, Christian Aid, 2008

5 Mitchell, T; Ibrahim, M; Harris, K; Hedger, M; Polack, E; et al (2010) *Climate Smart Disaster Risk Management*, Strengthening Climate Resilience, Institute of Development Studies.

6 For more information on the Climate Smart Approach to Disaster Risk Management please go to csdrm.org

Poverty is an outrage against humanity. It robs people of dignity, freedom and hope, of power over their own lives.

Christian Aid has a vision – an end to poverty – and we believe that vision can become a reality. We urge you to join us.

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