Reflect & act

Climate change

Keywords:
Decentralised climate finance, climate finance, Kenya, Mali, Senegal, Tanzania

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OVERVIEW

Project name:
Devolved Climate Finance

Time frame:
2011–ongoing

Budget:
Multiple grants ranging from £35,000 to £6.5m, over periods from six months to four years

Objective:
To establish sub-national climate funds that invest global and national climate finance in support of community-prioritised investments in public goods that build local resilience to climate change.

PROJECT SUMMARY

Devolved Climate Finance is an action-research programme piloting an innovative devolved finance and planning mechanism devised to channel global climate funds to vulnerable communities. Pilots are taking place in Kenya, Tanzania, Mali and Senegal through an alliance of NGOs and government institutions. The approach builds financial, planning, and project management capabilities at local government and community level. It establishes inclusive structures within existing governance frameworks to ensure that investments in public goods for climate adaptation are identified and prioritised by local communities, and strengthen their resilience.

THE DCF ALLIANCE

The Devolved Climate Finance Alliance is a partnership of government and non-government organisations promoting community-prioritised investment for climate adaptation in Kenya, Mali, Senegal and Tanzania. In Mali and Senegal the project is implemented by the Near East Foundation with Innovation, Environnement et Developpment en Afrique and IIED as part of the Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) programme. In Kenya technical assistance is provided to the National Drought Management Authority by the Adaptation

Building agile institutions and resilient communities

Devolved climate finance mechanism getting money to where it matters is ready to scale up

Developed countries have pledged to mobilise US$100 billion climate finance to developing countries per year by 2020. But how will these funds flow to communities whose livelihoods are directly threatened by climate change?

While existing mechanisms channel global climate finance to national levels, few reach sub-national governments and vulnerable communities. To meet this challenge, the Devolved Climate Finance (DCF) Alliance is establishing robust systems to manage climate funds at local level, where they can be invested according to community priorities. This alliance of government and non-government organisations is trialling DCF in arid, mainly pastoralist and agro-pastoralist areas of Kenya, Tanzania, Mali and Senegal.

Early results indicate stronger resilience to climate shocks in communities and growing fiduciary capacity in sub-national governments. For the first time, local people have influence over how budgets are spent, and local government is more accountable to them.

Innovative, inclusive decision making

DCF supports a broader devolution agenda in these countries and brings greater social and financial accountability for development decisions. To work effectively, DCF requires climate knowledge, diverse participation and a stake in ownership of the process — from grassroots to government.

Building capacity and engagement. This is the focus in communities to ensure participation in prioritising investments, and in government institutions to secure commitment to DCF, increase understanding of climate risk, and establish well-governed processes for receiving and managing climate funds.

Agile, accountable and inclusive governance structures. Each country is developing these. A Climate Adaptation Fund is managed by local government and accountable to local communities: 90% of funds go to investments in public goods; 10% to administration. At local level, an adaptation committee prioritises funding expenditures. This includes community representatives who have voting rights, and local government technical experts who ensure good design of investments.

Building climate change knowledge. Climate information systems are embedded into planning processes, and sub-national governments work with their national meteorological institutions to disseminate climate data. With better understanding of climate risk, farmers can adapt traditional practices and local government can reduce climate vulnerability.

Seeds of resilience

Across the four countries, communities have prioritised 240 investments in public goods. Interventions focus on making livelihoods more resilient – for example, by restoring and expanding water facilities

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Consortium (ADA) under the UK-AID funded Strengthening Adaptation and Resilience to Climate Change in Kenya Plus (StARCK+) programme and the Swedish government. In Tanzania technical assistance is by the DCF consortium led by the President's office for Regional and Local Government, funded under the Assisting Institutions and Markets 4 Resilience (Aim 4 Resilience) programme. All four programmes are funded by the UK government with the Swedish government supporting the work in Kenya.

KEY LESSONS LEARNT & INNOVATIONS

- Building climate resilience requires more than money, it needs **institutional reform to planning and budgetary systems to redress power imbalances at all levels** — between citizens and the state, between national and subnational government, and within communities.
- Community investments work best when introduced as part of **a systemic approach. Strong infrastructure and institutions for resource management,** such as water management committees, ensure the investments endure and function well.
- Climate change exacerbates existing development challenges, thereby increasing peoples' vulnerability. Livelihood systems in drylands have unique adaptive characteristics that — if **supported by government planning and appropriate investments and infrastructure** — will help redress the development deficit and achieve greater climate resilience.

PARTNER'S VIEW

"Climate funding was flowing to Tanzania before, but a small percentage was reaching vulnerable communities. With DCF these funds can be channelled straight to sub-national authorities and the local people themselves can decide how it is used. This has never happened before."

"This project has demonstrated that people can become resilient to climate change and we as a government can help them."

Lucy Ssendi, Senior Climate Change Advisor, Government of Tanzania

For more information: www.iied.org/local-climate-finance-mechanism-helping-fund-community-prioritised-adaptation

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Credit: Peter Cacah Photography

A typical investment: women getting piped water from Makori water catchment, Kenya

for livestock and domestic use. The results are visible across the communities in weather stations, food storage facilities, fish farming and solar energy. As Victor Orindi from ADA Consortium, Kenya observes, "vulnerable communities can effectively engage in planning and implementation processes, and make pertinent investment decisions, if they are supported and given space."

These investments will transform the lives of around 1.5 million pastoralists, farmers and their families, helping them withstand the pressures of an increasingly variable and unpredictable climate. After two rounds of financing, there are indications that the improvements helped minimise the impact of the 2014 drought in Kenya, and reduced dependency on humanitarian responses – early signs of resilience.

Strong government buy-in

Experience in Kenya and Tanzania shows that with government firmly in the driving seat, and with the right support, DCF can be mainstreamed into existing planning systems. In 2016, Wajir County and in 2015, Makueni County in Kenya legislated for a new mechanism enabling them to receive climate finance from domestic and international sources. A minimum of 1-2% per year of the counties' development budget will capitalise the funds. Five counties — 30% of Kenya — now use the DCF approach.

In Mali and Tanzania, state institutions are equipping themselves to receive accreditation from the Green Climate Fund in anticipation of future funding for climate adaptation.

In Senegal, DCF has established a national platform bringing together authorities working on climate change and development, to integrate financial planning systems.

Next steps

Results suggest that DCF can build agile institutions able to reduce climate vulnerability — and the associated humanitarian costs — and strengthen community resilience.

As it consolidates learning, the DCF Alliance is poised to build on these achievements, with government taking the lead. Kenya is set to expand the mechanism to additional counties and Tanzania plans to introduce it in 12 more districts. According to Yacouba Dème of the Near East Foundation in Mali, "DCF is the first programme in Mali and Senegal to reinforce existing institutions, while giving sub-national governments a voice in determining investments that strengthen their resilience to climate change."

With international interest growing in this model, the alliance is exploring scaling up elsewhere.

Alliance support is enabling authorities to seek accreditation for the Green Climate Fund, opening the door to significant climate adaptation funding.

Looking further ahead, if countries are collectively to deliver on the Paris Agreement, then innovative approaches like this one are urgently needed.

Knowledge Products

The International Institute for Environment and Development (IIED) promotes sustainable development, linking local priorities to global challenges. We support some of the world's most vulnerable people to strengthen their voice in decision making.