Climate Finance for Sustaining Peace

Making climate finance work for conflict-affected and fragile contexts

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Executive Summary

The vicissitudes of climate change can often hit the hardest and be felt most profoundly in conflict-affected and fragile contexts, which suffer high vulnerability and low investments in coping capacity and adaptation. The first line in addressing climate-related security risks must be ambitious, inclusive mitigation and a just transition to low carbon pathways. However, for many of the most vulnerable countries globally, on the front lines - including conflict-affected and fragile contexts - adaptation remains the imperative of today and to come. Both mitigation and adaptation are underpinned and delimited by climate finance ambition, but there has been little work specifically focused on contexts affected by conflict and fragility and their access to climate finance.

While additional mechanisms are in place to support the least developed countries (LDCs), income level is not the only salient frame of reference. Around 70 percent of fragile states are LDCs; some 50 percent of LDCs are also included in the World Bank's Harmonized List of Fragile Situations.[1] There are distinct gaps and differences to be noted in the way that conflict and fragility may affect access to and implementation of climate finance on the one hand and how its implementation may interact with drivers of fragility and insecurity, on the other.

This study by UNDP, the Climate Security Mechanism and the Nataij Group sets out to address these gaps and focuses on: (i) Trends in access to climate finance in conflict-affected and fragile contexts; (ii) Gaps and opportunities to leverage the co-benefits of climate action for peace and security; (iii) Strategies for mainstreaming climate-related security risks into climate finance; and (iv) Lessons learnt, good practices, and recommendations on how to make climate finance work more effectively in contexts affected by conflict and fragility.

This study examines $14 billion of climate finance implemented under four of the climate change "vertical funds" (funding mechanisms which address specific issues or themes), in 146 countries, including 46 fragile contexts over the period 2014-May 2021, and finds that:

- Only one of the top 15 recipients in the combined group of fragile and extremely fragile states was extremely fragile (according to OECD 2020 'States of fragility'), and just two ranked in the overall top 20, the DRC, which ranked fifteenth, and Haiti, nineteenth.

- Projects supported by the vertical funds in extremely fragile states are far smaller than in fragile or non-fragile states. Around half of the approved projects target adaptation as their priority, only 30 percent mitigation and the remaining 20 percent, cross-cutting.

- When measuring funding per capita, extremely fragile and fragile states together averaged just $8.8 per person, in finance from the vertical funds, of which extremely fragile states averaged $2.1 per person compared to $10.8 per person in fragile states and $161.7 per person for non-fragile states (including the SIDS).

Access to climate finance means ensuring climate finance reaches the last mile to support the most vulnerable contexts; those of which affected by conflict and insecurity, may see insufficient climate finance and increased vulnerability which may exacerbate climate-related security risks. Thus, climate finance cannot be blind to conflict and fragility.

[1] GEF programming strategy on adaptation to climate change for the Least Developed Countries Fund and the Special Climate Change Fund and Operational Improvements July 2018 to June 2022. GEF/LDCF.SCCF.24/03. https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_.SCCF_.24.03_Programming_Strategy_and_Operational_Policy_2.pdf

In terms of guiding principles, locally-led design and more cross-border and regional approaches where natural resources are shared and risks are indivisible can help avoid maladaptation and yield co-benefits. Exercising greater conflict sensitivity, including a broader understanding of the impacts of climate and non-climate induced conflict and security risks on climate action, on the one hand, can improve risk management; and qualification of co-benefits or peace dividends; on the other hand, may help incentivize much-needed investments in conflict-affected and fragile contexts, the most severely affected of which, this study shows, are amongst those who have the least access to climate finance.

In the aspirational policy-practice feedback loop, practice is often still underrated, when heuristic approaches are key. The use of thematic evaluations, dynamic portfolio tracking, and re-engineering of metrics is needed. Climate and peacebuilding metrics are often not easily interoperable outside their originally intended ambit, without some re-engineering of result measurement systems, including the accommodation of additional data requirements. Data-driven approaches may help incentivize finance to target integrated responses to climate action and sustaining peace.

Mainstreaming climate-related security risks into climate finance architecture still ultimately requires intentionality in the design process. This could include the use of special vehicles or pathways and requests for proposals to kickstart pipelines of projects with dual climate and security benefits. Other options include leveraging the convening power of funds that bring together diverse stakeholders, to include peacebuilding actors and the creation of platforms for peace and security, similar to those for other topics such as the GEF's Global Wildlife Program and the Climate Technology Centre and Network. Such platforms could support exchange, innovation and mainstreaming priorities in the funds' country level programmes to set goalposts for project development. Another important corollary for adaptation finance and an entry point for mainstreaming climate-related security risks is National Adaptation Plans, which in large part are supported by the GCF and the GEF. Environmental and social safeguards are critical to "first, doing no harm", but for climate finance to contribute positively to peace, it will also require reconstructing Theories of Change.

Climate finance in conflict-affected and fragile contexts: the unanswered questions

1

The climate-conflict nexus has been the subject of numerous academic papers and ongoing debate, including arguments of causality and contextual pathways through which climate change may affect peace, stability and security.[2] However, access to climate finance and the impact of climate finance on peace and security in conflict-affected and fragile contexts is an area still little investigated or systematically examined. Research originating from the climate security field typically focuses on adaptation programming,[3] not mitigation and access to energy,[4] nor on the subject of finance. Such references are often anecdotal, mostly focusing on the potential for maladaptation.[5]

While it is understood that climate change mitigation and adaptation can have other unintended impacts, both negative and positive, there has been little analysis of the "co-benefits" (see Box 1. below) of climate action for peace, stability, and security in conflict-affected and fragile states. Insufficient attention has been paid to successful examples of "peace positive"[6] adaptation and energy/ mitigation, whereas such examples may offer key insights regarding the potential for learning and enhancing overall climate finance and programming outcomes.

There is a need for a greater understanding of climate finance in countries affected by conflict and fragility, given the resources channeled to these contexts. The Global Environmental Facility's (GEF) Scientific and Technical Advisory Panel (2018) noted that around half of its recipients (77 countries) experienced armed conflict since the Facility's inception in 1991. More than two-thirds of GEF recipients (61 countries) proposed and implemented projects while armed conflict was ongoing somewhere in the country.[7] In a separate but similar regard, the impacts of much larger flows of humanitarian financing on climate action is overlooked and would make an important area for further research, beyond the scope of this study.[8]

2 See Busby, J. (2018b). Taking stock: the field of climate and security. Current Climate Change Reports https://doi.org/10.1007/s40641-018-0116-z; Burke, M., Hsiang S. M., & Miguel, E., (2015 Annual Review of Economics 2015 7:1, 577-617, Vol. 7:577-617 (Volume publication date August 2015). https://doi.org/10.1146/annurev-economics-080614-115430; Hendrix, C.S. (2018). links. Nature Climate Change 8, 190–191 (2018). Also see Adger, W.N. et al. change 2014: Impacts, adaptation, and vulnerability. Part A: Global and sectoral aspects. Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate ChangeUniversity Press, Cambridge, United Kingdom and New York, NY, USA, pp. 755 https://doi.org/10.1038/s41558-018-0083-3 and Lee, H. F. (2020): Historical climategeographers, Asian Geographer, DOI: 10.1080/10225706.2020.1768571

3 There are various studies including Sitati A. et al. (2021) which examines adaptation in 15 conflict-affected countries. For more information please see: Sitati, A. et al. (2021). Climate change adaptation in conflict-affected countries: A systematic assessment of evidence. Discov Sustain 2, 42 (2021). https://doi.org/10.1007/s43621-021-00052-9

4 UNDP (2020). A typology and analysis of climate-related security risks in the first round Nationally Determined Contributions. New York: UNDP. https://www.undp.org/publications/typology-and-analysis-climate-related-security-risks-first-round-nationally-determined

5 The Fifth Assessment Report of the IPCC describes maladaptation as "actions, or inaction that may lead to increased risk of adverse climate-related outcomes, increased vulnerability to climate change, or diminished welfare, now or in the future." For more information, see Noble, I.R. et al. (2014). Adaptation needs and options. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Also see: Barnett, J., and O'Neill, S. (2010). Maladaptation. Global Environ. Change 20, 211–213. doi: 10.1016/j.gloenvcha.2009.11.004

6 First coined by John Galtung in 1964, in the Journal of Peace Research, "negative peace" or simply the "absence of violence, absence of war" was distinguished from "positive peace", or the integration of human society. The Institute for Economics and Peace (IEP) (2020) describes "positive peace" as the "attitudes, institutions and structures that create and sustain peaceful societies." For more information see IEP (2020). Positive Peace Report 2020 – Analyzing the factors that sustain peace. https://reliefweb.int/sites/reliefweb.int/files/resources/PPR-2020web_0.pdf

7 Bierbaum, R. & Cowie, A. (2018). Integration: to solve complex environmental problems. Washington, DC: Scientific and Technical Advisory Panel to the Global Environment Facility, p. 104. https://www.thegef.org/council-meeting-documents/report-scientific-and-technical-advisory-panel-0

8 See the work, inter alia, of the International Federation of the Red Cross, including Grayson, C.L. (2019). When rain turns to dust: climate change, conflict and humanitarian action. Humanitarian Law and Policy, 5 December 2019. https://blogs.icrc.org/law-and-policy/2019/12/05/rain-dust-climate-change-humanitarian-action/

Box 1: About co-benefits and co-costs

The study of the "co-benefits" of climate action dates back to the 1990's in relation to greenhouse gas (GHG) emissions. Karlsson, Alfredsson & Westling, in their 2020 study of 239 peer-reviewed journal articles, find that "climate policy co-benefits… in addition to avoided climate change costs, [are] commonly overlooked in policy-making." Their study notes that health and air quality co-benefits are comparatively better examined in relation to health, whereas the "total value of different co-benefits" for example, in energy, security, etc., are not well considered in policy.[9]

The Third Assessment Report by the IPCC[10] (2001) distinguishes between intended co-benefits, as opposed to unanticipated ancillary benefits. The report describes co-benefits as "often at least equally important rationales" while also acknowledging the possibility for negative ancillary impacts.[11] Likewise, the Fifth Assessment Report defines co-benefits as, "the positive effects that a policy or measure aimed at one objective might have on other objectives, irrespective of the net effect on overall social welfare."[12] The economic consideration of adaptation co-benefits and co-costs, but also non-market benefits and impacts on equity also need to be taken into consideration.[13]

The 23rd Conference of Parties requested that Parties submit proposals for evaluating the co-benefits of adaptation together with their adaptation strategies.[14] However, in broader policy making, co-benefits, are still overlooked, if not underestimated[15] in particular in relation to adaptation. Rahman & Moric (2020) from their research in coastal areas in Bangladesh found that research on adaptation co-benefits was limited and not well-communicated, and that with better qualification of co-benefits, a stronger case could be made for action.[16]

By comparison, understanding of climate change mitigation or adaptation-related co-benefits for peace, stability and security remains even less well-analyzed and codified. Tanzler, Maas and Carius (2010) stress the need to "harness the direct co-benefits of adaptation for peacebuilding on a more local, project-based level by designing conflict-sensitive adaptation programmes with a positive transformative effect."[17] Similarly, the Institute of Advance Sustainability Studies' (2017) working paper on mobilizing the co-benefits of climate change mitigation[18] and UNDP's 2020 study of the first-round NDCs[19] both identify this as an area for further research. Overall, more understanding is needed of non-environmental co-benefits.[20]

9 Karlsson, S. Alfredsson, & N. Westling (2020). Climate policy co-benefits: a review, Climate Policy. 20:3, 292-316, DOI: https://doi.org/10.1080/14693062.2020.1724070

10 Watson, R.T. and Core Writing Team, D.L. (eds) (2001). Climate Change 2001: Synthesis report. A contribution of Working Groups I, II, and III to the Third Assessment Report of the IPCC.

11 IPCC (2001). Global, regional, and national costs and ancillary benefits of mitigation. Contribution of Working Group III to the Third Assessment Report of the IPCC.

12 IPCC (2014). Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the IPCC.

13 Chambwera, M. et al. (2014). Economics of adaptation. In: Climate Change 2014: Impacts, adaptation, and vulnerability. Part A: Global and sectoral aspects. Contribution of Working Group II to the Fifth Assessment Report of the IPCC.

14 UNFCCC Subsidiary Body for Scientific and Technological Advice (2018). Report of the Subsidiary Body for Scientific and Technological Advice on the first part of its forty-eighth session, held in Bonn from 30 April to 10 May 2018. FCCC/SBSTA/2018/4* 3 July 2018. https://unfccc.int/sites/default/files/resource/4e.pdf

15 UNECE (2016). The co-benefits of climate change mitigation, Sustainable Development Brief No. 2, January 2016. https://unece.org/fileadmin/DAM/Sustainable_Development_No._2__Final__Draft_OK_2.pdf

16 Rahman, S. M. & Mori, A. (2020). Dissemination and perception of adaptation co-benefits: Insights from the coastal area of Bangladesh, World Development Perspectives, Volume 20, 2020, 100247, ISSN 2452-2929, https://doi.org/10.1016/j.wdp.2020.100247.

17 Tänzler, D., Maas, A. & Carius, A. (2010). 'Climate change adaptation and peace', WIREs Climate Change, 1(5), pp. 741–750. doi:10.1002/wcc.66.

18 Helgenberger, S. & Jänicke, M. (2017). 'Mobilizing the co-benefits of climate change mitigation', p. 20.

19 UNDP (2020b). *A typology and analysis of climate-related security risks in the first round Nationally Determined Contributions*. New York: UNDP.

20 Smith, A. (2013). The Climate Bonus: Co-benefits of Climate Policy (1st ed.). Routledge. https://doi.org/10.4324/9780203109571

The broader literature on climate finance, in comparison, follows the logic of the international negotiations closely.[21] A lot of recent work on climate finance offer critical insights on the gap in adaptation financing and progress toward the $100 billion target, including by the Organisation for Economic Co-operation and Development (OECD),[22] Oxfam,[23] the World Resource Institute,[24] and the Zurich Flood Resilience Alliance,[25] the impact of COVID-19 on climate finance,[26] and gender and climate finance.[27] There has been little work specifically focused on contexts affected by conflict and fragility. Although, the overlap between "least developed countries" (LDCs), conflict-affected and fragile states is noted, i.e. that 70 percent of fragile states are LDCs and that 50 percent of LDCs are also included in the World Bank's Harmonized List of Fragile Situations.[28] Recent work by the OECD's International Network on Conflict and Fragility (INCAF)[29] has been the exception, in its focus on fragile states. At the time of publication, ODI and MercyCorps had just finalized a study, also examining climate finance for adaptation in conflict-affected and fragile contexts.[30]

There is a need to consider the additional challenges that conflict-affected and fragile contexts face in terms of their access to climate finance as such issues are not systematically considered in international negotiations or by extension of this, climate financing streams. In UNDP's study of the first NDCs together with UNFCCC,[31] various challenges are identified from Parties' NDC submissions including: the destruction – intended or unintended - of energy, water, agricultural and other productive structures,[32] lack of capacity to design and implement climate change policy, lack of historical climate data and inability to access international finance due to sanctions.[33]

Trying to address these gaps, this study focuses on:

1. Trends in access to climate finance in conflict-affected and fragile contexts;
2. Gaps and opportunities to leverage the co-benefits of climate change adaptation and mitigation/ access to energy for peace and security;
3. Strategies for mainstreaming climate-related security risks into climate finance; and
4. Lessons learnt, good practices, and recommendations on how to make climate finance work more effectively for conflict-affected and fragile contexts.

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21 Developed country Parties to the UNFCCC provide finance to support developing country Parties, under the principle of "common but differentiated responsibility and respective capacities" and a financial mechanism was established to provide these resources. The GEF and the GCF serve as its operating entities of the financial mechanism and the Standing Committee on Finance established to provide guidance to the operating entities. For more information see: https://unfccc.int/topics/climate-finance/the-big-picture/introduction-to-climate-finance

22 OECD iLibrary | Climate Finance and the US$ 100 Billion Goal: oecd-ilibrary.org

23 Carty, T., Kowalzig, J. & Zagema, B. (2020). 'Climate finance shadow report 2020: Assessing progress towards the $100 billion commitment', Oxfam GB, p. 32. doi:10.21201/2020.6621.

24 Bos. J. & Thwaites, J. (2021). A breakdown of developed countries' public climate finance contributions towards the $100 billion goal. https://files.wri.org/d8/s3fs-public/2021-10/breakdown-developed-countries-public-climate-finance-contributions-towards-100-billion.pdf?VersionId=0IuvOD5zVLLxxfRpWad_DyFC3Qh4sjd0

25 Alcayna, T. (2020). At What Cost: How chronic gaps in adaptation finance expose the world's poorest people to climate chaos. Zurich Flood Resilience Alliance, p. 52. https://www.concernusa.org/wp-content/uploads/2020/07/AT-WHAT-COST.pdf.

26 Green Climate Fund (2020). Tipping or turning point: Scaling up climate finance in the era of COVID-19. Text. Republic of Korea: Green Climate Fund, p. 44. https://www.greenclimate.fund/document/tipping-or-turning-point-scaling-climate-finance-era-covid-19

27 See: Atmadja, S.S. et al (2020). Leveraging climate finance for gender equality and poverty reduction: A comparative study. Report. Bogor, Indonesia: CIFOR. https://www.cifor.org/publications/pdf_files/Reports/Climate-UNDP-Report.pdf; and Samuwai, J. & Fihaki, E. (2019). Making climate finance work for women: Voices from Polynesian and Micronesian communities | UNFCCC. Suva, Fiji Islands., p. 60. https://unfccc.int/documents/210229

28 GEF (2018). GEF programming strategy on adaptation to climate change for the Least Developed Countries Fund and the Special Climate Change Fund and operational improvements July 2018 to June 2022. GEF/LDCF.SCCF.24/03. https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_.SCCF_.24.03_Programming_Strategy_and_Operational_Policy_2.pdf

29 Poole, L. (2018). Financing for stability in the post-2015 era. Paris: OECD. doi:10.1787/c4193fef-en.

30 Cao, Y., Alcayna, T., Quevedo, A. and Jarvie, J, (2021). Exploring the conflict blind spots in climate adaptation finance. SPARC, 2021. https://www.sparc-knowledge.org/sites/default/files/documents/resources/exploring-the-conflict-blind-spots-in-climate-adaptation-finance.pdf

31 UNDP (2020b). A typology and analysis of climate-related security risks in the first round Nationally Determined Contributions. New York: UNDP.

32 UNDP (2020a). The climate security nexus and the prevention of violent extremism. New York: UNDP. https://www.undp.org/publications/undp-climate-security-nexus-and-prevention-violent-extremism

33 UNDP (2020b). A typology and analysis of climate-related security risks in the first round Nationally Determined Contributions. New York: UNDP.

Box 2: About climate-related security risks

The multidimensional nature of climate change creates far-reaching consequences not only for the environment but also for development and ultimately for the security of people, communities and states. Communities suffer a double exposure and vulnerability to climate change and conflict,[34] that is to say the extant socio-, economic- and political factors that make them vulnerable to conflict and leave them susceptible to climate change. While climate change does not cause violent conflict in and of itself, it can multiply risks known to contribute to insecurity, overburden state capacity, and make already vulnerable communities more susceptible to threats. Therefore, climate change can aggravate and prolong conflicts and make it harder to reach and sustain peace.[35]

In this regard, "climate-related security risks" are understood as the adverse impacts of climate change on human security[36] – the 'freedom from fear' and 'freedom from want' – but also how such impacts relate to the security of the state, and the maintenance of international peace and security under the United Nations Charter.[37]

In the past 15-20 years, these interlinkages between climate change, conflict prevention and sustaining peace have received a growing amount of attention both among researchers and in policy circles. In the UN Security Council, for instance, a landmark Presidential Statement from 2011 (PRST/2011/15) paved the way for more regular engagement on this topic since 2017 to date. The presidential statement set the stage for a series of formal outcomes over the period 2018 to date, recognizing the adverse impact of climate change on stability and calling for "adequate risk assessments and risk management strategies by governments and the United Nations."[38]

Access to climate finance in conflict-affected and fragile contexts

The cost of adaptation will increase with unabated anthropogenic climate change and insufficient investments in adaptation and resilience. Only US$ 20 billion in climate finance targeted adaptation in 2019. Whereas the annual cost of adaptation in developing countries is estimated US$ 70 billion and expected to rise to between US$ 140 billion to 300 billion by 2030 and US$ 280 billion to 500 billion by 2050.[39] At the same time, African governments currently spend an estimated 2-9% of their GDP on adaptation.[40] Access to climate finance remains uneven, particularly in the countries most vulnerable to climate change, many of which suffer from conflict and fragility. Recent studies, including Zurich Flood Resilience Alliance (2020), show that climate finance does not reach those vulnerable to climate change.[41]

[34] Busby, J., Moran, A. & Raleigh, C. (2018). The double burden of climate exposure and state fragility. New Security Beat. October 15, 2018. https://www.newsecuritybeat.org/2018/10/double-burden-climate-exposure-state-fragility/

[35] Ibid.

[36] UNDP (1994). Human development report. Published for UNDP, New York Oxford Oxford University Press 1994. http://hdr.undp.org/sites/default/files/reports/255/hdr_1994_en_complete_nostats.pdf

[37] United Nations (1945). https://www.un.org/en/about-us/un-charter/full-text

[38] S/PRST/2011/15. https://undocs.org/en/S/PRST/2011/15

[39] UNEP (2021). Adaptation gap report 2020. Nairobi: UNEP. http://www.unep.org/resources/adaptation-gap-report-2020

[40] Gahouma-Bekale, T. (2021). "COP26 on climate: Top priorities for Africa." Africa Renewal, July 2021. https://www.un.org/africarenewal/magazine/july-2021/cop26-climate-top-priorities-africa

[41] Alcayna, T. (2020). At what cost: How chronic gaps in adaptation finance expose the world's poorest people to climate chaos. Zurich Flood Resilience Alliance.

It is estimated that by 2030, two-thirds of the world's extreme poor will live in fragile states.[42] Climate ambition has to mean not only aggressive emission reductions driven by fundamental changes in production and consumption patterns but also ambitious adaptation and access to energy, delivered in some of the complex contexts we face. This means ensuring climate finance in combination with other national, international and multilateral finance and investments, reaches the last mile to support the most vulnerable, including conflict-affected and fragile contexts.

An incomplete picture of climate financing, due to the many distinct streams, inter-alia: domestic finance, that finance delivered through South-South modalities, and private sector resources, etc., makes a systematic macro-level consideration of the issues problematic. The data on some streams/sources is also not readily available and difficult to track dynamically.[43] Therein also lies the challenge of comparability across multiple data sets.[44] In addition, climate finance data in relation to regional programmes cannot often be readily disaggregated into country-specific components.

Recent work highlights that fragile and conflict-affected contexts suffer unequal access to climate finance, and absorption is challenging.[45] Countries which are more stable and possess more absorptive capacity will benefit from greater flows than fragile states, as is the case with development finance.[46] The delivery of climate finance may be adversely affected by the COVID-19 pandemic and reduced government revenues and ODA.[47] This arguably may have a disproportional effect on conflict-affected and fragile contexts that have already experienced high levels of debt distress, which, according to many sources, has increased during the global pandemic. The report of the UN Secretary-General's Independent Expert Group on Climate Finance (2020) highlights that 54 percent of low-income countries already suffer from, or are at risk of debt distress and that increasing levels are also observed in climate vulnerable middle-income countries.[48] Access to grant-based concessional climate finance (as opposed to loan instruments) thus becomes more important in these contexts, while the mobilizing of co-financing, as noted by WRI (2017) requires "significant technical capacity,"[49] and high co-financing ratios likewise can be an obstacle to access.

The challenges in implementing climate change adaptation efforts in fragile and conflict-affected contexts are well documented. These can include higher costs, basic safety and security, volatility, lack of available resources, capacity flight, difficulty ensuring national ownership – where state capacity is limited and in identifying local implementing partners.[50] In addition, access to climate data and information remains a challenge.[51]

42 Baier, J., Kristensen, M. B, and Davidsen, S. (2021). Poverty and fragility: Where will the poor live in 2030? https://www.brookings.edu/blog/future-development/2021/04/19/poverty-and-fragility-where-will-the-poor-live-in-2030/. Brookings Institution, Monday, April 19, 2021.

43 Timerperly, J. (2021). The broken $100-billion promise of climate finance — and how to fix it. Nature. 20 October 2021. https://www.nature.com/articles/d41586-021-02846-3#ref-CR3

44 Mason, N., Pickard, S., Watson, C., Klanten, B. and Calow, R. (2020) 'Just add water: a landscape analysis of climate finance for water', p. 68. https://washmatters.wateraid.org/sites/g/files/jkxoof256/files/just-add-water-a-landscape-analysis-of-climate-finance-for-water.pdf

45 Arezki, R. (2020). Climate finance for Africa requires overcoming bottlenecks in domestic capacity. Nat. Clim. Chang. 11, 888. https://doi.org/10.1038/s41558-021-01191-7

46 Mercy Corps (2020). Submission to the UNFCCC Standing Committee on Finance on behalf of Mercy Corps - Call for evidence: Information and data for the preparation of the 2020 biennial assessment and overview of climate finance flows. https://unfccc.int/sites/default/files/resource/SCF%20Submission%20Fragile%20States_Mercy%20Corps.pdf

47 WRI's study of 17 developing countries shows decreases in climate budget and delays in implementation. See: Caldwell, M. and Alayza, N. (2021). What COVID-19 tells us about making climate finance resilient to future. Crises. WRI Insights, 28 October 2021. https://www.wri.org/insights/making-climate-finance-resilient-future-crises

48 Averchenkova, A. et al. (2020). Delivering on the $100 billion climate finance commitment. The Independent Expert Group on Climate Finance, p. 70. https://www.convergence.finance/resource/9af77cee-a9f9-4cef-be20-2b0ffdd11606/view

49 Amerasinghe, N. M., Thwaites, J., Larsen, G. & Ballesteros, A., (2017). Future of the funds: Exploring the architecture of multilateral climate finance: https://www.wri.org/research/future-funds-exploring-architecture-multilateral-climate-finance

50 Crawford, A.et al. (2015). Promoting climate-resilient peacebuilding in fragile states. Canada: IISD, p. 29. https://www.iisd.org/system/files/publications/promoting-climate-resilient-peacebuilding-fragile-states.pdf

51 Mason, S. et al. (2015). Accessing and Using Climate Data and Information in Fragile, Data-Poor States. Canada: IISD, p. 27. https://www.iisd.org/system/files/publications/accessing-climate-data-information-fragile-data-poor-states.pdf. Also see: Sitati, A.et al. (2021). Climate change adaptation inconflict-affected countries: A systematic assessment of evidence. Discov Sustain 2, 42 (2021). https://doi.org/10.1007/s43621-021-00052-9

Moreover, potential anticipated or "backdraft"[52] effects need to be fully considered. Increasing access to finance is important and together with capacity building to help strengthen readiness to accompany[53] can strengthen impact. There are various funding mechanisms, including pooled funding channelled through multi-donor trust funds open to conflict-affected and fragile states. Experience shows that mobilizing resources has always been challenging for nexus topics such as climate change, peace and security. The 2015 G-7 commissioned report, "A new climate for peace," noted that there were few financing instruments for conflict prevention and peacebuilding that specifically earmark allocations for climate-related security risks and that traditional sources of donor funding can be difficult for countries to access, manage, and implement.[54] Funding streams that address the intersection of climate change, and peace and security have until recently been few and far between.

The climate change vertical funds[55] may indirectly address some risks for peace and security, as they relate to environmental and social safeguards and the do-no-harm principle. Minimizing environmental and social harm is important to avoiding negative ancillary impacts and ensuring conflict sensitivity in highly resource constrained environments.[56] Programming metrics, however, do not reflect co-benefits for conflict prevention and peacebuilding. Although the GEF and the UN Secretary-General's Peacebuilding Fund (PBF) make such considerations, a prioritization at a strategic level, they are the exception. Climate action, together with peace and security as dual objectives are typically not systematically reflected in funding priorities or strategic plans of such multilateral funds, even though some may include climate change in their disaster funding-related requirements and others address the role of natural resources in post-conflict situations.

[52] Dabelko, G.D. et al. (2013). Backdraft: The conflict potential of climate change adaptation and mitigation. Environmental Change & Security Program Vol.14, Issue 2. Washington, DC: Woodrow Wilson International Center for Scholars, p. 60. https://www.wilsoncenter.org/sites/default/files/media/documents/publication/ECSP_REPORT_14_2_BACKDRAFT.pdf

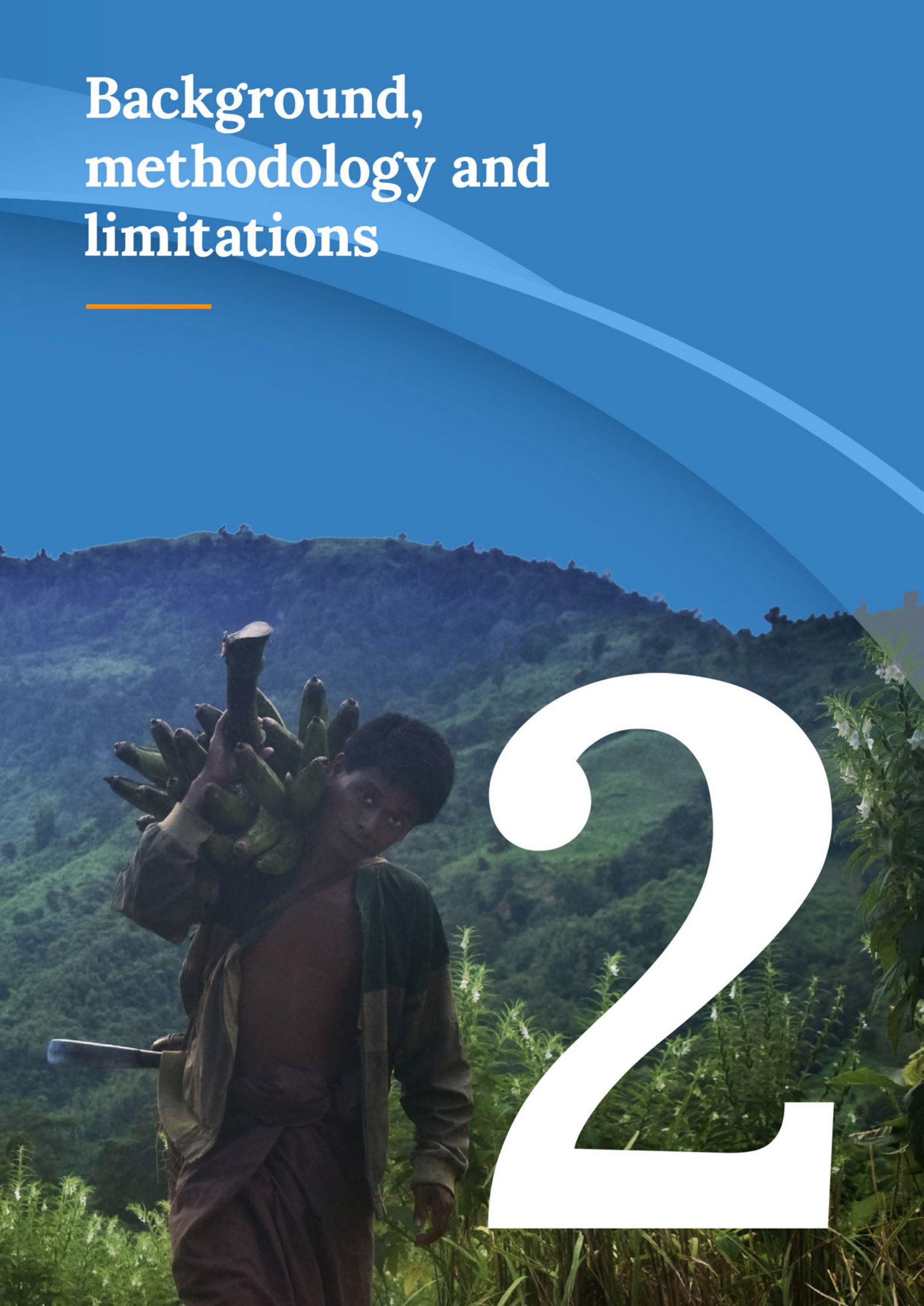
[53] Arezki, R. (2020). Climate finance for Africa requires overcoming bottlenecks in domestic capacity. Nat. Clim. Chang. 11, 888. https://doi.org/10.1038/s41558-021-01191-7

[54] Rüttinger et al. (2015). A new climate for peace – taking action on climate and fragility risks. An independent report commissioned by the G7 members, submitted under the German G7 Presidency. https://climate-diplomacy.org/sites/default/files/2020-11/NewClimateForPeace_FullReport_small_0.pdf

[55] The "vertical funds" are development financing mechanisms which allocate resources, derived from different funding sources, to single specific issues or themes. For climate change, there are four main funds: the Adaptation Fund, the Climate Investment Funds (CIF), the Global Environment Facility (GEF), and the Green Climate Fund (GCF). For more information see: UNFCCC: Introduction to Climate Finance: https://unfccc.int/topics/climate-finance/the-big-picture/introduction-to-climate-finance

[56] IFC (2019). Generating private investment in fragile and conflict-affected areas. https://www.ifc.org/wps/wcm/connect/07cb32dd-d775-4577-9d5f-d254cc52b61a/201902-IFC-FCS-Study.pdf?MOD=AJPERES&CVID=mzeJewf

Background, methodology and limitations



2

Background

The initial impetus behind this report was a project portfolio review by UNDP conducted between June-October 2020. The purpose was to better understand how the climate change adaptation portfolio addressed potential conflict and fragility risks and the co-benefits of climate change adaptation programming, the findings of which are summarized in Box 3. Online discussions were then held on the SparkBlue online community engagement platform in November 2020, to help further elaborate the scope the study (see Annex II). Building on the initial learnings from this process, this study by UNDP, the Climate Security Mechanism (CSM)[57] and the Nataij Group examines access to climate finance by conflict-affected and fragile contexts on the one hand, and the contributions of climate finance to sustaining peace, on the other.

Methodology

The study takes a cross-section of projects supported by the climate change vertical funds including from conflict-affected and fragile contexts in different geographic regions, as its sampling frame, to examine (i) trends in access to climate finance in conflict-affected and fragile contexts; (ii) gaps and opportunities to leverage the co-benefits of climate change adaptation and mitigation/ access to energy for peace and security; (iii) strategies for mainstreaming climate-related security risks into climate finance; and (iv) lessons learnt, good practices, and recommendations on how to make climate finance work more effectively for conflict-affected and fragile contexts.

The scope of this study includes climate finance dedicated to adaptation, mitigation/ access to energy and "cross-cutting" issues (i.e. addressing both mitigation and adaptation). The rationale for this is that conflict-affected and fragile contexts while often contributing very little to global GHG emissions and the global carbon budget nor historical emissions on a per-capita or cumulative basis, energy nevertheless plays an important role in these particular contexts, with electrification not only as an end-in-itself, but also as an enabling factor, affording access to basic and emergency services and thus key to recovery efforts and the achievement of other SDGs.[58] Moreover, climate finance supports both adaptation and mitigation/ access to energy activities in conflict-affected and fragile contexts. It is thus important to understand both conflict and security risks and potential co-benefits of adaptation and mitigation/ access to energy. With an increasing number of cross-cutting projects contributing to both mitigation and adaptation objectives[59] this study includes financing in all three funding streams.

This study gives a summary of the literature on the intersection of climate finance as it relates to peace and security; lays out the overall methodology undertaken; presents an analysis of the portfolios of the four climate vertical funds; details lessons learnt from eight country-level case studies from four different regions developed as part of the study: Bangladesh, Colombia, the Democratic Republic of the Congo (DRC), Haiti, Iraq, Mali, Solomon Islands, and Sudan. An overall discussion and recommendations are then presented for how the vertical funds may better support prevention and peacebuilding in an era of climate change. Consideration was given not only to geographic representation but the experiences of countries in different stages of the conflict cycle, thus not only conflict-affected countries, but also post-conflict, as well as priority countries for the broader prevention agenda.

[57] A joint initiative by UNDP, DPPA and UNEP established in October 2018 with the support of Sweden, Germany, Ireland, Norway, and the UK, to strengthen the capacity of the UN to address climate-related security risks.

[58] UNDP (2018). Regional policy brief: Energy for crisis recovery solar solutions for crisis-affected communities in the Arab Region. Regional Hub for Arab States. https://www.undp.org/publications/regional-policy-brief-energy-crisis

[59] For more on the dual benefits and synergies between adaptation and mitigation, see: Klein, R.J.T. et a. (2007). Inter-relationships between adapta tion and mitigation. Climate Change 2007: Impacts, adaptation and vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the IPCC, and Shaw, A. et al. (2014). "Accelerating the Sustainability Transition: Exploring Synergies Between Adaptation and Mitigation in British Columbian Communities." *Global Environmental Change–Human and Policy Dimensions* 25: 41–51.

The analysis takes the "fragile states" country categories from the OECD's 2020 'States of fragility',[60] as its frame of reference. The OECD terminology is utilized here, but the overlap with the Global Peace Index classification of "conflict-affected" countries is noted. Past projects could have been funded during periods where the country in question was not considered a "fragile state" or vice versa. The analysis takes a static snapshot and therefore those projects have not been included in the counts for projects funded in extremely fragile or fragile states.

Table 1: Global Peace Index (GPI), World Bank country classification by income level, Notre Dame Global Adaptation Initiative (ND GAIN) and OECD fragility framework by country

Country	GPI overall ranking 2021[61]	World Bank country classification by income level 2020[62]	ND Gain ranking 2020[63]	OECD fragility 2020
Bangledesh	91	LDC	163	Fragile
Colombia	144	Upper Middle Income	91	Not fragile
DRC	157	LDC	178	Extremely fragile
Haiti	108	LDC	168	Extremely fragile
Iraq	159	Upper Middle Income	115	Extremely fragile
Mali	148	LDC	170	Fragile
Sudan	153	LDC	176	Extremely fragile
The Solomon Islands	Not Ranked*	LDC	127	Fragile

The portfolios of the four vertical funds – the Adaptation Fund, the Climate Investment Funds (CIF), the Global Environment Facility (GEF), and the Green Climate Fund (GCF) are examined, including all projects in the "climate change" focal area, across the four funds. Furthermore, only GEF-6 (2014-2018) and GEF-7 (2018-2022) windows were included to better align with the portfolios from the other funds, except for Iraq, which includes GEF-5 projects. GEF projects include the Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF)[64] projects.[65] This study was not intended as an evaluation, but as a learning and/or stocktaking exercise to understand emerging experiences relevant to UNDP's own portfolio to strengthen programming outcomes.

[60] The 2020 OECD fragility framework includes 57 countries and territories. Fragility is characterized as a combination of exposure to risk and insufficient coping capacity of the state, systems and/or communities to manage, absorb or mitigate those risks. In the framework, five different dimensions: economic, environmental, political, security and societal, are each represented by 8-12 indicators. For more information, see: OECD (2020) 'States of fragility' 2020. Paris: OECD Publishing (States of Fragility). doi:10.1787/ba7c22e7-en

[61] The GPI ranks 163 independent states and territories according to their level of peacefulness. The index covers 99.7% of the world's population, using 23 qualitative and quantitative indicators and measures the state of peace across three domains: the level of societal safety and security, the extent of ongoing domestic and international conflict, and the degree of militarization. For more information, see: IEP (2021). Global Peace Index Map | The most & least peaceful countries, vision of humanity. https://www.visionofhumanity.org/maps/

[62] The World Bank country classification by income levels divides economies into four groups: low, lower-middle, upper-middle and high income. The country classification above is for the 2022 fiscal year. Low-income economies are defined as those with a gross national income (GNI) per capita of $1,045 or less in 2020; lower middle-income economies, between $1,046 and $4,095; upper middle-income economies, between $4,096 and $12,695; and high-income economies, those of $12,696 or more. https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups

[63] Notre Dame. ND-GAIN Index | Notre Dame Global Adaptation Initiative | University of Notre Dame, Notre Dame Global Adaptation Initiative. https://gain.nd.edu/our-work/country-index/

[64] The GEF is the managing body of the LDCF and SCCF, its policies also apply to their operations, unless the COP or the LDCF/SCCF Council make an exception otherwise. For more information see: https://unfccc.int/sites/default/files/3.1_intro_to_gef_and_ldcf.pdf

[65] Please note that the data collected may not include all approved climate-related projects within these funds due to potential inconsistencies on the fund websites. Available data on fund websites was gathered through to 31 May 2021.

The study begins with a scan of the policies, governance mechanisms, and strategies of the four vertical funds. The PBF and how the fund integrates climate change considerations into its governance, policies, and programming is also explored as a reference point. This study made use of the documentation available on the public websites for each of the four funds and interviews conducted with 23 key informants (Annex I) at headquarters and the field and a consultation with the CSM.

Limitations

This study was small in scope and due to resource limitations and only focused on vertical fund financing on climate change adaptation and mitigation. The analysis included only single-country projects or projects with two countries to compare specific context-specific funding better. Regional and global programmes were excluded from the analysis as the funding amounts for each country are not necessarily pre-determined in the design phase, and these programmes often include both fragile and not fragile states. Information gathered focused on high-level classifications, including country, funding specifically from the fund, co-financing, and project priority type (adaptation, mitigation and cross-cutting).

Many of the projects were ongoing at the time of the study. It would only be possible to understand actual impacts on peace and security, co-benefits, and/or peace dividends on an ex-post basis as part of an impact evaluation or a similar systematic knowledge management exercise. Programming and the realities of field implementation can also differ greatly from the initial conceptualization and elaboration of activities within submitted project documents. Much of the information is taken as indicative. Nevertheless, the results from the extensive desk studies and interviews with key informants in eight countries, regional hubs and global headquarters offers key insights that can form the basis for further research questions related to the issues identified and more in-depth research.

Box 3: UNDP preliminary scoping study 2020

To inform and support UNDP and CSM's work, a preliminary and portfolio review was conducted by UNDP (June-October 2020) of a selection of climate change adaptation projects in 13 countries: Afghanistan, Bangladesh, the DRC, Eritrea, Ethiopia, India, Mali, Myanmar, Niger, Somalia, Sudan, Uganda and Zimbabwe. A summary of preliminary findings from the study are presented below:

- Much of the literature on climate security focuses on research related to "causality" (i.e., on whether climate change causes or exacerbates conflict and/or security risks and the nature of such risks) and does not yield **operationally relevant recommendations** for tackling climate-related security risks in the context of the conceptualization, design, programming, implementation, monitoring and evaluation of climate change (and peacebuilding) initiatives.

- Technically sound climate initiatives may have unintended adverse effects on the security environment due to **political economy or re-distributive effects** and may change power dynamics. Conversely, technical solutions to climate change adaptation (and mitigation/ access to energy), as well as natural resource management can also provide a more neutral and concrete platform for local-level peacebuilding, rather than solely political solutions.

- **Conflict sensitivity/analysis** is recognised as an important consideration. There is the UNDG Conflict and Development Analysis methodology, and conflict analyses are routinely conducted at the Country Office level, inter alia, by Peace and Development Advisors using this or similar methodologies, the results of which could be considered in climate change programming.

- **Keyword searches** of terms in project-related documents show references to conflict, war, peace, and peacebuilding. Almost ten times as many references were made to **food security** than **water security.** However, such searches do not necessarily yield salient results alone; the fact that human security or climate security is not directly referenced is not necessarily indicative of whether conflict and security risks are considered. A more in-depth review could capture additional nuances.

- A **conflict analysis** and/or a **"first, do no harm" lens** can help identify underlying conflict dynamics and drivers and strengthen conflict sensitivity, but, as abovementioned, does not lead to concrete actionable measures which can be implemented in climate change (adaptation) programming. Separately from this, the indirect contributions, **or co-benefits of climate change adaptation to peacebuilding are often neglected in such analysis and need to be better explored** and documented to develop better programming.

- Further examination is needed to understand:

    - Planned actions that may **exacerbate *underlying* conflict dynamics** vis-à-vis directly **triggering *new* conflicts** and actual cases where programming increased/ triggered new conflicts and the solutions identified.

    - Any **known, potential or recurrent conflict trigger points** in design/ programming that practitioners are aware of

    - How to address **maladaptation,** which would typically be examined in ex-ante field studies.

- **Transboundary effects,** where appropriate, for example, where actions in one country may inadvertently affect another, particularly in the case of shared natural resources.
- Impacts on migration, transhumance and displacement, as relevant.

- **Metrics and peacebuilding contributions of adaptation efforts to SDG16** are an important and overlooked aspect that would be worth examining; the SDGs can provide a neutral and universally measured metric, and methodologies and indicators already developed by those working on SDG16 and their contextualization and applicability could be considered in the case of climate change/climate security work.

- A **broad or extensive programming and portfolio review** may only have limited utility; jargon such as “climate security,” “climate-related security risks,” and even “human security” in the context of climate change programming is still very new. As above, it is unlikely that a large review around the consideration of such terms would yield salient results. Given that much knowledge is still implicit, a smaller exercise with a few deep dives in a number of countries may be more useful to look qualitatively at good practic es; it would be beneficial regardless to also review proposals, monitoring, reporting and evaluations and conduct interviews with Country Offices and the climate change vertical funds.

- Avoiding **climate/environmental determinism** and **stigmatizing vulnerable groups** is important: climate change (just like poverty) does not cause conflict in-and-of-itself; water scarcity exacerbated by climate change may contribute to conflict, but a sudden increased availability of water in water scarce conflict-affected contexts (for example, through a programming intervention) may attract different competing water user groups and trigger/exacerbate conflict too; there are, however, many instances of cooperation around shared water resources which warrant examination.

Multilateral fund level approaches to climate security

3

Highlights

- In terms of fund-level mainstreaming of climate-related security risks, approaches vary greatly. The climate change vertical funds do not have yet to include any peace/security considerations, risks, or co-benefits in their project development templates or results frameworks.

- The GEF, including its Independent Evaluation Office, offers some of the most advanced thinking and key insights in terms of emerging best practice, having conducted a thematic evaluation which examined conflict sensitivity of its entire portfolio in fragile and conflict-affected contexts. It has issued a programming strategy on climate change adaptation for the LDCF and the SCCF.

- The efforts of the PBF also serve as a useful point of reference, as described below, having also conducted portfolio-level analysis and include climate security as a priority in their 2020-2024 strategy.

Main findings

The GEF's work has been by far the most extensive to date of all the climate change vertical funds, beginning in 2018 with its report, 'Environmental Security: Dimensions and Priorities' produced by its Scientific and Technical Advisory Panel. It examines environmental security considerations throughout the GEF's portfolio and stresses the need to:[66]

1. *Explicitly address environmental security in project and program design. Expressing the benefits of GEF investment in terms of environmental security, as a component of broader human security, can link global environment benefits to the more immediate concerns of employment and livelihoods, equity, social stability and effective governance.*

2. *Assess conflict risk routinely among investment risks beyond the scope of GEF intervention. GEF agencies, including UNDP, UNEP, and the World Bank, routinely carry out such analyses in their non-GEF financed portfolios. The GEF should consider how to make best use of these protocols when designing relevant projects.*

3. *Evaluate the relationships between environmental change and vulnerability within GEF interventions through the use of tools such as Resilience, Adaptation Pathways and Transformation Assessment (RAPTA). The aim should be to mainstream project-level analysis on how environmental change affects the vulnerabilities of different stakeholder groups, and how project interventions might mitigate or reverse these trends.*

4. *Contribute to conflict prevention through environmental cooperation. In all projects where conflict risk is salient, even if not immediate, there are opportunities for the GEF to contribute actively to conflict prevention, not only by mitigating the vulnerabilities affecting particular stakeholder groups but also by strengthening institutions of environmental cooperation and equitable resource governance.*

In terms of overall programming and strategic planning, only the GEF has already embarked on concrete steps and made efforts to integrate conflict, fragility and security considerations into programming guidance.[67] The 'GEF programming strategy on adaptation to climate change for the LDCF and the SCCF

[66] For the full report, see GEF (2018). Environmental Security: Dimensions and priorities. GEF/STAP/C.54/Inf.06 https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.STAP_.C.54.Inf_.06_Environmental_Security.pdf

[67] For full details see GEF (2018). GEF programming strategy on adaptation to climate change for the LDCF and the SCCF and operational improve ments July 2018 to June 2022. GEF/LDCF.SCCF.24/03. https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_.SCCF_.24.03_Programming_Strategy_and_Operational_Policy_2.pdf

and Operational Improvements July 2018 to June 2022' indicates that the GEF is exploring the climate security space. A dedicated chapter on "Climate Risk and Security" gives an overview of climate risks as they intersect with conflict, fragility and migration. It stresses that *"GEF strategies, particularly adaptation strategies, which are highly localized, must be conflict-sensitive to avoid reinforcing existing social tensions and/or inadvertently fueling intergroup competition for increasingly scarce resources."*

A forward-looking perspective is taken by the GEF, in which it explains that it is exploring *"emerging partnerships active in the climate security arena, such as the Global Resilience Partnership (GRP) and the Global Centre of Excellence for Climate Adaptation (GCEC)"* and that its work will be informed by Global Compacts on Migration and Refugees under as well as the work of the Task Force on Displacement by COP 21 in relation to climate change impacts on human mobility. Under entry points to *"promote innovation and technology transfer for adaptation to reduce vulnerability,"* climate security is included as a priority, together with *"Innovation and technology transfer in priority sectors and themes and private sector engagement"* and "Incubation and accelerator support".

The "Challenge Window" of the Special Climate Change Fund, focuses over the 2018-2022 quadrennium on *"supporting and demonstrating potentially scalable, bankable or otherwise fundable investment approaches, business models, partnerships and technologies, as well as catalytic measures to enhance climate security."*[68] In terms of portfolio tracking and statistics, it is highlighted that the LDCF and the SCCF are supporting adaptation efforts in 39 fragile states, which "address some of the underlying causes of conflict and insecurity." Overall, it is noted that the LDCF has supported 81 projects, with a total allocation of $440 million in fragile states and the SCCF's support is given at $14.5 million.

The GEF-7 Replenishment Programming Directions from 2018 does not address conflict prevention or peacebuilding in its Climate Change Focal Area Strategy. It does, however, make reference to addressing conflict and fragility in at least three other Focal Areas Strategies - Biodiversity, Land Degradation and International Waters. It notes that there is *"increasing evidence of the complex interactions between climate change, food and water insecurity, extreme events – such as, prolonged and repeated droughts – and their link to fragility, armed conflict and migration," also stresses that it will "make targeted investments to sustain and rebuild productive areas, mitigate the effects of drought, increase resilience and prevent conflict and migration."*[69] In the case of International Waters, the potential for conflict, but also entry points for "regional integration and peaceful country relations."[70] There is also an explicit section on "Investments in water, food, energy and environmental security" which stresses the strategy will *"support environmental security by allowing investments in a small number of fragile and/or conflict-affected countries in transboundary basins."*

In the case of the land degradation neutrality target, it states that the GEF will focus on:

(i) decreasing fragility and risks through enhancing governance of natural resources, including, e.g. tenure and access rights (including potential uneven rights across gender and ethnic groups) and/or decreasing resource pressures and enhancing natural resource-based employment and livelihoods;

(ii) restoring governance and degraded lands and water sources in post-natural disaster and/or conflict-prone or conflict-affected areas (with special attention to unemployed youth, women and other vulnerable or marginalized groups); and

(iii) global early warning to identifying early signs where a combination of environmental risks are contributing to fragility and conflict vulnerability and sharing this knowledge to promote preventive or remedial actions as appropriate.

[68] GEF (2019). Financing adaptation to climate change at the GEF. https://www.thegef.org/sites/default/files/publications/gef_financing_adaptation_climate_change_october_2019.pdf

[69] GEF (2018). GEF-7 replenishment programming directions – prepared by the Secretariat. GEF/R.7/19. https://www.thegef.org/sites/de fault/files/publications/GEF-7%20Programming%20Directions%20-%20GEF_R.7_19.pdf

[70] Ibid.

The Adaptation Fund's 'Guidance document for implementing entities on compliance with the adaptation fund gender policy'[71] document highlights conflict as a potential limiting factor for women's participation in stakeholder meetings and the GEF environmental and social safeguard policy[72] mentions "risks present in a conflict or post-conflict context", but aside from that, none of the funds deliberately include conflict, peace, or security considerations in their environmental and social safeguards, gender, or broader risk assessment frameworks. All four funds do have extensive review processes that have some flexibility that could potentially systematically identify peace and security considerations, but none of the documentation includes these specifically.

While the vertical funds do not explicitly address conflict in terms of risk management protocol, they do include policies to promote inclusion, participation, and consultation deliberately throughout the project design phase and require stakeholder engagements plans to be developed for use during implementation, all of which are important to conflict sensitivity. These processes could serve as entry points to better integrate climate-related security risks.

Finally, there is limited portfolio reporting by any of the funds, outside of the GEF and its Independent Evaluation Office, which commissioned an evaluation of its support in fragile and conflict-affected situations in 2020.[73] The report concludes that despite the risks and effects of conflict and fragility on GEF projects, the GEF has so far not developed conflict-sensitive safeguards, policies, and guidance necessary to systematically manage those risks.

The PBF has been deliberate in outlining climate change as a strategic priority, including in their new strategic plan. The 2020-2024 strategy highlights the PBF's increased emphasis on *"provid[ing] more support to managing conflict risks emanating from climate-change related pressures on people and resources,"* to build and sustain peace. The strategy also articulates the key objectives of the "Supporting Cross-Border and Regional Approaches Priority Window" namely to extend the PBF's support to cross-border programmes to initiatives that can help address wider regional trends through multi-country programming, e.g. on issues like transhumance migration, violent extremism and "dealing with conflict drivers exacerbated by climate change." The strategy also details the "Dialogue and Peaceful Coexistence Focus Area," including building capacities that help communities better cope with shocks that can exacerbate conflict risks, such as, insecurity and climate and economic shocks in both urban and rural settings.[74]

The PBF's (2021) 'Youth, peace, and security: Programming handbook'[75] also specifically details key entry points for the integration of climate change into YPS programming with the overall goal "to promote youth participation in climate security and decision-making through mechanisms for effective climate change-related planning and management, including in relation to nationally determined contributions." Two of the five pillars of the YPS programming for PBF also include specific components related to climate change:

[71] Adaptation Fund Board (2017). Guidance document for implementing entities on compliance with the adaptation fund gender policy. 3 March 2017. https://www.adaptation-fund.org/wp-content/uploads/2017/03/GenderGuidance-Document.pdf

[72] GEF (2019). Policy on environmental and social safeguards. Policy: SD/PL/03 https://www.thegef.org/sites/default/files/documents/gef_environmental_social_safeguards_policy.pdf

[73] GEF Independent Evaluation Office (2020). Evaluation of GEF support in fragile and conflict-affected situations. GEF/E/C.59/01. November 2020. https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.E_C59_01_Evaluation_of_GEF_Support_in_Fragile_and_Conflict-Affected_Situations_Nov_2020_0.pdf

[74] The Secretary-General's Peacebuilding Fund 2020 – 2024 Strategy. https://www.un.org/peacebuilding/sites/www.un.org.peacebuilding/files/documents/pbf_strategy_2020-2024_final.pdf

[75] Youth, peace and security: A programming handbook (2021). https://www.un.org/peacebuilding/sites/www.un.org.peacebuilding/files/documents/yps_programming_handbook.pdf

- Pillar Two: Protection, Justice and Human Rights Component 5 – Promote youth leadership for natural resource management, climate justice and security:
    - Engage young people, and in particular young human rights defenders, in identifying solutions.
    - Apply a youth empowerment lens to understand the impacts of climate change and raise awareness of climate-related security risks.
    - Support the role/ engagement/leadership of young people in natural resource management and the prevention of conflict.
    - Support youth networks and organizations working on climate-risk reduction and disaster preparedness and partner with youth in identifying climate-related risks to peacebuilding programmes.
- Pillar Three: Prevention Component 2 – Promote equitable formal and non-formal education and learning for peace:
    - Support civic, human rights and climate education for peace.

Taking a similar approach to the GEF, the PBF conducted a stocktaking of its portfolio to identify climate-security related programming, some of the key findings of which are captured in a policy paper by Adelphi[76] highlighting the PBF's efforts to mainstream climate-related security risks into its portfolio. Since 2017, the PBF invested: $63.4 million through 29 projects in 20 countries that address climate and security.[77] The fact sheet also summarizes key lessons learnt and recommendations for climate change integration into PBF activities. Like the evaluation report commissioned by the GEF Independent Evaluation Office, the overall conclusion was that some PBF projects have made a direct connection between peacebuilding activities and increased resilience against climate change, for example, the improvement of relationships between conflicting groups around natural resource management. For the most part, however, project outcomes are not specifically designed to connect to climate change (mostly adaptation) outcomes and not in the way those outcomes are being measured by the climate change vertical funds, but instead focus on addressing climate change risks for conflict prevention and peacebuilding.

[76] Climate Security Experts Network (2020). Climate-fragility policy paper: climate change in the United Nations Peacebuilding Commission and Fund. https://climate-security-expert-network.org/sites/climate-security-expert-network.com/files/documents/csen_climate_fragility_policy_paper_-_climate_change_in_the_un_peacebuilding_commission_and_fund.pdf

[77] The Secretary-General's Peacebuilding Fund (2020). Climate security and peacebuilding. https://www.un.org/peacebuilding/sites/www.un.org.peacebuilding/files/documents/brief_climate_security_20200724_2.pdf

Macro trends in climate finance in conflict-affected and fragile contexts

4

Highlights

- Distinct differences can be seen in the access of fragile and conflict-affected states to climate finance through the vertical funds, including between fragile and extremely fragile states.

- In the combined fragile and extremely fragile group, only one of the top 15 recipients was extremely fragile and just two in the overall top 20, respectively the DRC which ranked fifteenth, and Haiti which ranked nineteenth.

- Projects supported by the vertical funds in extremely fragile states are a lot smaller than in fragile or not fragile states, at $8.5 million per project in extremely fragile states; $10.43 million in fragile states; and $13.02 million in not fragile states (excluding small island developing states (SIDS)). Around half of the approved projects have adaptation as their priority, only 30 percent as mitigation and the remaining 20 percent were cross-cutting, in extremely fragile and fragile states.

- When measuring funding per capita over the period 2014-May 2021, extremely fragile and fragile states together averaged just $8.8 per person, of which extremely fragile states averaged $2.1 per person compared to $10.8 per person in fragile states and $161.7 per person for not fragile states, including the SIDS.

Main findings

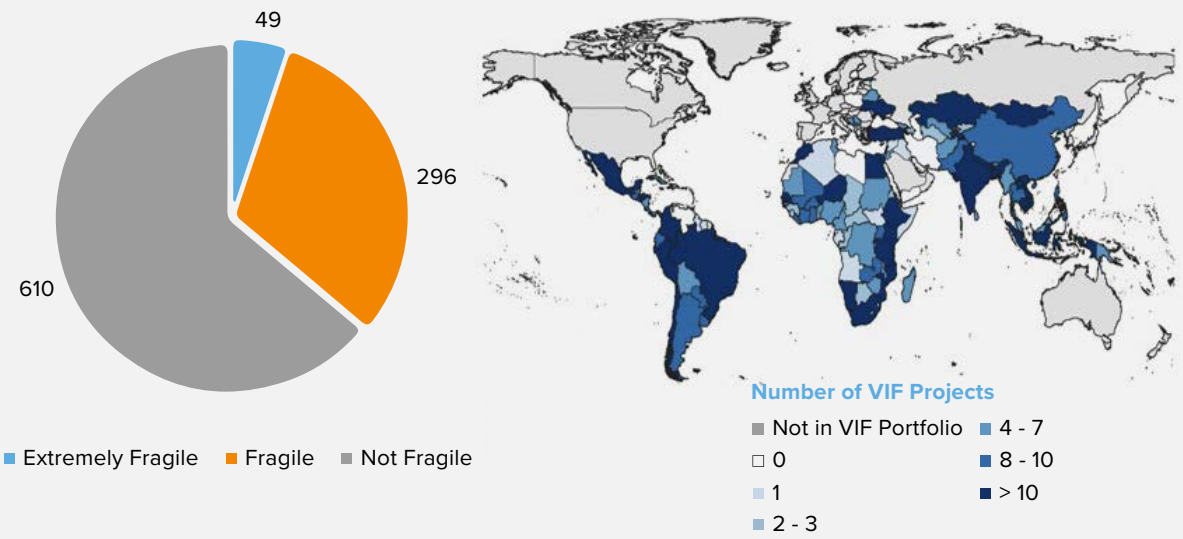
The analysis below of the climate change portfolios of the four vertical funds explores the differences in funding with the objective to identify gaps and trends in access to climate finance. For a more nuanced trend analysis and to help illustrate some of the points made, the fragile states group is broken down into two groupings: extremely fragile and fragile, in addition to "not fragile excluding SIDS" which shows all not fragile states that are not SIDS. The countries are grouped according to the OECD 2020 classification of countries according to their level of fragility (i.e. extremely fragile, fragile and non-fragile).[78] The analysis focused on 146 countries including 56 extremely fragile or fragile states.[79] Furthermore, the analysis explores both vertical fund provided financing, as well as project co-financing (for more information, see Box 4.), where co-financing is included in the calculation it is clearly stated so.

In terms of the sample, in total, 955 climate finance projects were included in this analysis across the four funds – 114 by the Adaptation Fund, 303 by the CIF, 387 by the GEF, and 151 by the GCF. A total of $14.4 billion in climate financing for 146 countries approved over the period 2014-May 2021, including 56 fragile states. Of those 955 projects, 345 were in extremely fragile and fragile states, with 49 in extremely fragile states and 296 in fragile states.

[78] For more information on the methodology and country classification, see OECD (2020). States of fragility 2020. https://www.oecd.org/dac/states-of-fragility-fa5a6770-en.htm

[79] The Democratic Republic of Korea (DPRK) was included in the OECD 2020 report and classification, but not included in this analysis.

Figure 1. Total vertical fund projects by country fragility classification 2014-May 2021 (not including co-financing).



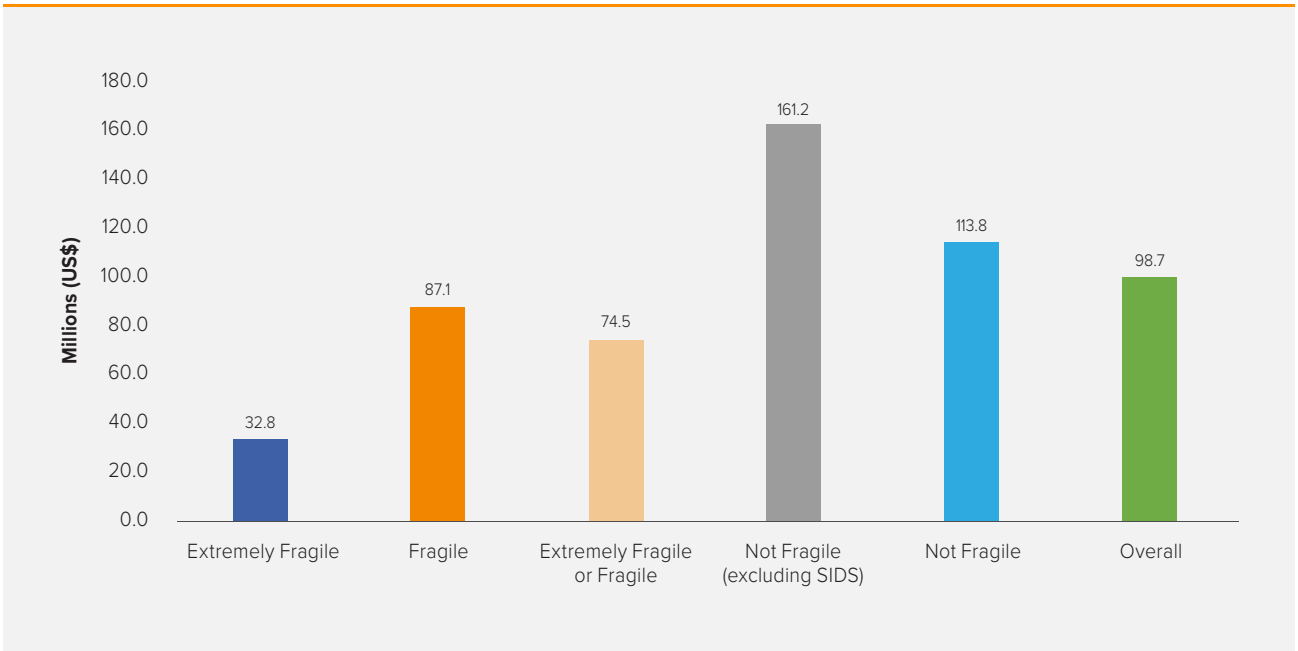
As above, the portfolio review included all projects from the GCF, the Adaptation Fund, and the CIF, as well as projects funded under GEF-6 and GEF-7,[80] over the period 2014-May 2021. Only projects that focused on one or two countries were included to better compare specific context funding (i.e., regional or global programmes were excluded as the funding is too broad to draw specific conclusions). All project information was drawn from the individual project dashboards for all four funds. Unfunded pipeline projects were not included in the process.

Climate finance per capita and per country through the vertical funds

In total, the populations of extremely fragile and fragile states represent approximately 26.1 percent of the total population of all countries examined in this portfolio analysis and about 35 percent of the total number of states. However, if the number of approved projects were allocated equally based purely on population (and not considering any other factors), extremely fragile and fragile states would only expect a total of 249 funded projects (total $3.8 billion), and if they were allocated equally by country, the expected number of projects for all fragile states would be 370 ($5.6 billion).

[80] Only GEF projects tagged as including the "climate change" focal area were included.

Figure 2. Average funding per country, by country fragility classification, by country fragility classification 2014-May 2021 (not including co-financing).



Overall and without disaggregating between mitigation and adaptation spending, extremely fragile and fragile states had 345 projects funded from the vertical funds per capita over the period 2014 to May 2021. Taking an average of the number of projects funded by the vertical funds to all country types, as classified by the OECD's 2020 'States of fragility', as a proxy indicator of access to finance: more projects were funded in extremely fragile and fragile states than would be expected. However, it has to be stressed that this does not take into account the size of projects (to be discussed below). It also does not take into account the issues of equity, climate justice and accounting for readiness, increased climate change vulnerability, types of and magnitude of climate risks faced which these countries face, climate commitments, and fragility, etc. Moreover, the budgets of those projects were smaller in nominal terms in extremely fragile and fragile states than in not fragile states which may reflect the capacity for absorption and other challenges related to access.

While an imperfect measure, the number of projects per country/per capita can be a useful proxy indicator for access to climate finance, all other factors being equal, i.e., the number of successfully funded proposals which does show that at least overall, extremely fragile and fragile states seemingly, at first glance, benefited from a comparable number on a purely nominal basis.

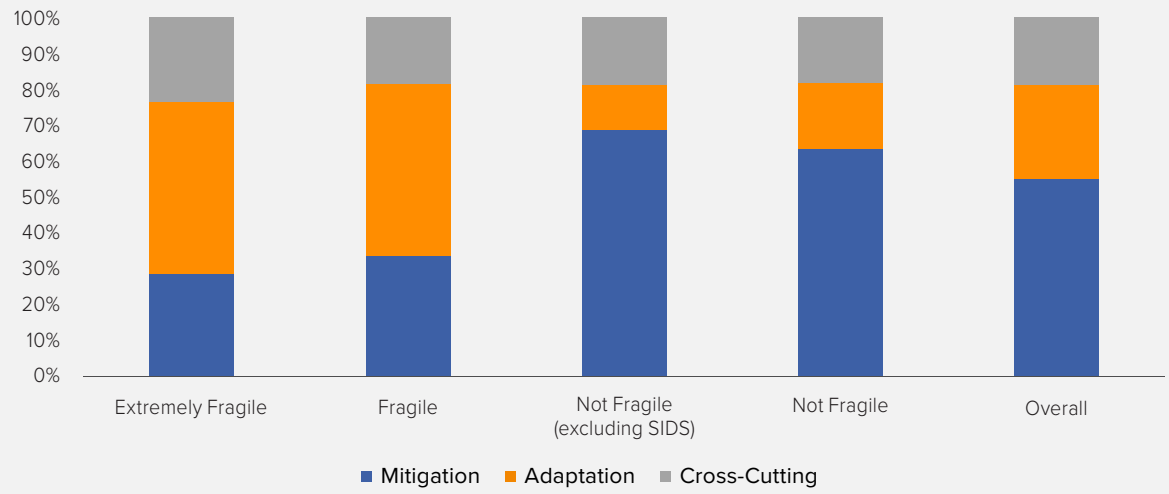
It has to be stressed that there are distinct gaps noted between extremely fragile and fragile states. As one combined group, extremely fragile and fragile states, had on average, 6.40 projects approved per state which is slightly lower than the not fragile average of 6.62 projects per state. However, looking just at extremely fragile states that number drops significantly to just 3.92 projects per state. The transaction costs of a small project can be similar to a large project, developing a concept note and project document, a dedicated project manager and/or Chief Technical Advisor, as well as monitoring, reporting and evaluation.

Taking into account funding per country by category, for vertical funds financing alone, overall average funding per country is more than 2.65 times lower in extremely fragile states (averaging $32.8 million per country across the vertical funds) in comparison to fragile states (averaging $87.1 million per country across the vertical funds), whereas not fragile states averaged $113.8 million per country across the vertical funds. When co-financing is added, the difference becomes even more stark with project budgets in not fragile states some 4.68 times larger than in extremely fragile or fragile states. However, when considering the actual types of projects (i.e., mitigation versus adaptation programming) and the amount of financing secured, a gap is seen, as discussed below.

The mitigation and adaptation

Globally, the gap in adaptation funding remains very high compared to the actual and future needs.[81] According to the OECD, of total public climate finance, 70 percent targeted mitigation and just 21 percent, adaptation, with the reminder, cross-cutting. As for private sector finance mobilized by developed countries, 93 percent focused on mitigation, primarily the energy sector (60 percent) and in middle-income countries.[82]

Figure 3. Total vertical fund financing for mitigation, adaptation and crosscutting priorities by country fragility classification 2014-May 2021 (not including co-financing).



Funding from the four vertical funds examined, however, shows a similar trend. Volumes of climate finance for adaptation from the vertical funds to extremely fragile and fragile states were higher than in not fragile states. In extremely fragile and fragile states, 49 percent of projects were classified as adaptation-focused, 28 percent as mitigation and 23 percent as cross-cutting. Whereas, the volume of mitigation funding was higher in not fragile states, at 63 percent of total vertical fund financing, with 28 percent classified as adaptation and the remaining 30 percent, as cross-cutting. The average number of projects funded per country by priority (i.e. mitigation, adaptation or cross-cutting) showed a similar trend, where extremely fragile and fragile states had more adaptation projects funded than mitigation

[81] Timperley, J. (2021). The broken $100-billion promise of climate finance — and how to fix it. Nature. 20 October 2021. https://www.nature.com/articles/d41586-021-02846-3#ref-CR3

[82] OECD (2020). Climate finance provided and mobilised by developed countries in 2013-18 key highlights. https://www.oecd.org/environment/cc/Key-Highlights-Climate-Finance-Provided-and-Mobilised-by-Developed-Countries-in-2013-18.pdf

and vice versa for not fragile states. This can perhaps be partly explained by the increased climate change vulnerability and adaptation needs of extremely fragile and fragile states, but also potentially, because of the generally larger investments and capacity needed to develop and implement mitigation projects.

Box 4: About co-financing

Co-financing requirements (in-cash or in-kind) can be a way to ensure and reflect the buy-in of diverse stakeholders.[83] It can increase ownership and help ensure coherence between new and ongoing initiatives.[84] However, the realization of co-financing commitments can be difficult to track,[85] and mobilizing co-financing may be challenging for many countries, including conflict-affected and fragile contexts and thus an obstacle to access.[86,87] The exception is the Adaptation Fund which does not require any co-financing.

When data is aggregated at the fund level, allocations for extremely fragile and fragile states totalled $4.17 billion or around 29 percent of the total ($14.4 billion), without co-financing. When co-financing is added, this amount increases to approximately $16.4 billion in funding for extremely fragile and fragile states, equivalent to 16.8 percent of the total $98.1 billion. This amount comes in lower than an even country split (35 percent) and the vertical fund only financing and co-financing figures are below both indicative thresholds.[88]

Generally, co-financing ratios were lowest for the extremely fragile and fragile states, although, although the differences between the country groups were not that significant. Extremely fragile and fragile states had, on average, co-financing ratios of 3.10 of the requested funding contributions, compared to 4.09 for not fragile states. Overall, the GEF had the highest requirements for co-financing at 4.80 for extremely fragile states, 5.51 for fragile states and 7.68 for not fragile states (excluding the SIDS).

Access to climate finance of extremely fragile vs. fragile states

There are distinct country level differences which needs to be taken into account within the fragile states group. Extremely fragile and fragile states receive less climate finance from the vertical funds per capita. Disaggregating extremely fragile states from fragile states, it is found that 14 of the top 15 funded countries by the vertical funds and 18 of the top 20 funded countries are fragile states.

Only one extremely fragile state makes the top 15; the DRC which ranks fifteenth, whereas Haiti ranks nineteenth in the top 20. Among fragile states, 50% of funding from the vertical funds goes to just nine countries: Bangladesh (13.1%), Ethiopia (7.1%), Tanzania (4.8%), Zambia (4.7%), Mozambique (4.5%), Burkina Faso (4.5%), Cambodia (4.1%), Tajikistan (3.7%), and Niger (3.6%). Moreover, when measuring funding per capita, extremely fragile states averaged $2.1 per person compared to $10.8 per person in fragile states and $161.7 per person for not fragile states, including the SIDS.

[83] Urban LEDS, ICLEI, UN-Habitat, & TAP (2019). Climate finance glossary. https://e-lib.iclei.org/wp-content/uploads/2019/12/Climate%20finance%20glossary.pdf

[84] IADB (2021). Analysis of external climate finance access and implementation - CIF, FCPF, GCF and GEF projects and programs by the Inter-American Development Bank. https://publications.iadb.org/publications/english/document/Analysis-of-External-Climate-Finance-Access-and-Implementation-CIF-FCPF-GCF-and-GEF-Projects-and-Programs-by-the-Inter-American-Development-Bank.pdf

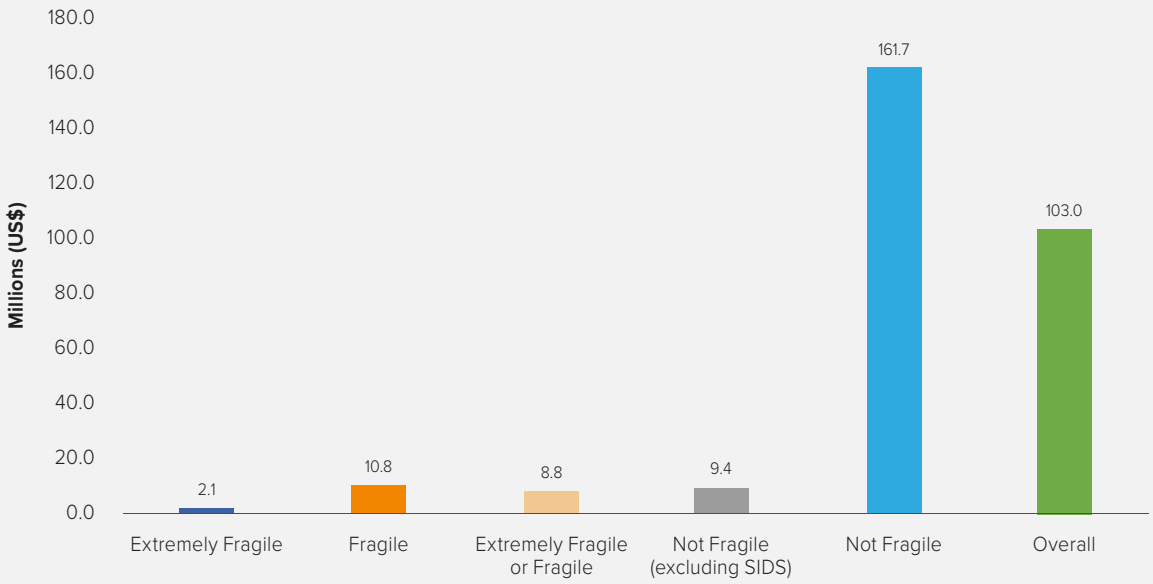
[85] Ibid.

[86] GEF Independent Evaluation Office (2020). Evaluation of GEF support in fragile and conflict-affected situations. GEF/E/C.59/01. November 2020.

[87] Remote stakeholder interview.

[88] The Adaptation Fund does not require any co-finance and it is therefore not tracked systematically.

Figure 4. Average overall funding per capita by country fragility classification 2014-May 2021 (not including co-financing).



When looking at vertical fund provided financing only, average funding per country for extremely fragile states across all four funds, at $32.8 million per country, was the lowest overall, whereas fragile states averaged higher amounts of climate finance through the vertical funds, at $87.1 million per country. As a combined group, extremely fragile and fragile states received $74.5 million per country compared to $161.2 million per country, for not fragile states including the SIDS. This trend is also reflected in co-financing.

Key findings and recommendations

5

Recurrent themes are noted throughout the eight country case studies. Some indicative recommendations are made with a view as to how the programming of climate finance and thus climate action could address them. Further research and investigation would help validate these initial indicative findings.

Not all climate finance is equal

In conflict-affected and fragile contexts where vulnerability to climate change is higher, the importance of grants and concessional climate finance increases vis-à-vis loans and other financing types is apparent.[89] This study focused on climate finance available through vertical funds. The bigger picture should not be ignored. Greater attention is needed to the trends in public climate finance. In this regard, examining the period 2017-2018, Oxfam (2020) finds that approximately 40 percent of public climate finance was non-concessional. Data from the OECD/INCAF (2019) indicates that most climate finance (54 percent) in fragile contexts comes from bilateral donors. Overall, multilateral ODA for climate change in fragile contexts prioritizes mitigation (68 percent) and is mostly (83 percent) in the form of loans, and peacebuilding programmes rarely integrate climate change.[90] According to the OECD/INCAF (2019), in 37 of the 58 fragile contexts, less than 10 percent of ODA was allocated to adaptation in 2016 and 2017 and over the same period in 45 of these contexts less than 10 percent of ODA was allocated to mitigation. Based on 2016/2017 data, ODA with climate objectives in fragile contexts is split almost equally between mitigation and adaptation, with $5.3 billion per year, on average, earmarked for adaptation and $5.2 billion for mitigation.[91]

Addressing conflict and security risks in climate finance

Conflict and fragility affect and may shape climate finance and programming in diverse ways. Similarly, climate change interventions also interact with conflict and fragility with other secondary impacts. It is therefore important that conflict drivers and transition through different phases of the conflict cycle are considered in climate finance, as inequitable management, control and exploitation over natural resources can exacerbate grievances and illicit economies and create enabling environments for non-state armed groups to grow their influence. Whereas, natural resources, climate change adaptation and mitigation/ access to energy can also be entry points to build peace and social cohesion, in the practice of environmental peacebuilding.[92]

Challenges associated with security risks to staff, local communities, all other affiliated experts and service providers, as well as in difficulties in accessing project sites can undermine the effectiveness and efficiency of an intervention, and there is a potential that the designed interventions themselves can aggravate tensions or conflict dynamics. Implementation costs may be higher as a result. The additional upfront costs related to security measures to ensure the safety of staff and communities engaging in programming actions, potential delays in implementation due to conflict and identifying and deploying expertise in hardship duty stations mean that programming in these contexts may take more time and that delays and no-cost extensions are more likely.[93] Resources allocated to conflict-affected contexts may also be at risk of elite capture and/or misappropriation and thus impact upon funding commitments.[94]

Contextual analysis as an opportunity to introduce more systematic conflict analysis

In the eight country case studies, while few make use of standalone conflict analysis, the underlying drivers of conflict within the local environment and potential conflict risks are addressed to different degrees as part of contextual or background analysis, which presents an opportunity to build in more systematic analysis. From the eight case studies, efforts to reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks, collectively known as "REDD+[95] in Colombia and the DRC more systematically and intrinsically embed considerations of conflict related to land and indigenous groups, as does adaptation programming addressing conflicts between farmer and herder groups in Mali and Sudan.

Cross-learning and the proximity of lessons learnt is also important, i.e. knowledge exchange across the vertical funds' different focal areas/portfolios. The experience garnered from good practices within the climate and environmental field already and/or funded by the vertical funds may be a good reference point for other areas of vertical fund programming. In the case of the GEF-7, conflict risks and peacebuilding priorities feature in the Focal Area Strategies for Biodiversity, Land Degration and International Waters, but not in the Climate Change Focal Area Strategy. Identifying examples of good programming, which in some cases may have yielded peace dividends, can offer guidance for potential replication.

Integrated climate and security risk assessments

Climate finance has the evidence and scope to consider conflict risks as part of a broader routine programmatic ex-ante risk assessments and positively contribute to peace. It is important to consider non-climatic risks such as conflict and insecurity, including non-climate induced or related conflicts as they impact climate change vulnerability and the capacity to deliver on climate action and environmental sustainability.[96] As abovementioned, many of the projects reviewed included some conflict analysis as part of the overall contextual analysis. Different types of conflicts are noted, including inter-communal, farmer-herder, and land-related conflicts, in addition to the presence of armed groups, banditry, crime and illicit activities (including production of illicit crops). Potential relocation impacts, if any, are also typically considered, as abovementioned, as part of the protocol in relation to environmental and social safeguarding.

Stakeholders interviewed likewise expressed an interest in including a formal conflict analysis as part of the vertical fund project development process. This would provide a roadmap for introducing conflict prevention and resolution measures within project design, similar to the environmental and social/gender considerations already mandated as part of most of the vertical funds' proposal development process. This could be better systematized through the use of the CSM's conceptual approach and toolbox.[97]

[95] For more information on REDD+ see UNFCCC: What is REDD+? https://unfccc.int/topics/land-use/workstreams/redd/what-is-redd

[96] Ratner, B.D. (2018) Environmental security: dimensions and priorities a STAP document. June 2018. https://www.thegef.org/sites/default/files/publications/52103%20STAP%20Report_WEB.pdf

[97] For CSM's conceptual approach, please see: https://dppa.un.org/sites/default/files/csm_toolbox-2-conceptual_approach.pdf

Insufficient access to climate finance as a climate-related security risk

Adaptation needs are not static,[98] and the costs of adapting to climate change will invariably increase with time, without drastic cuts in emissions, sufficient investment and factoring in the related multiplier effects. Taking early action may present cost savings over longer timeframes and "no" or "low regret" adaptation options may generate other co-benefits or peace dividends, the compounded effects of which can further materialize over time.

The deep dives conducted under this study found that climate finance can be risk averse in terms of geographic targeting. Countries, and within national boundaries, regions most affected by conflict and fragility may thus suffer higher and increasing levels of climate change vulnerability due to insufficient investments in climate change adaptation and energy. Moreover, finance directed to one geographic area may also lead to increased in-migration and change dynamics in natural resource management and inter and intra-communal relations.[99] In this context, insufficient access to climate finance can constitute a climate-related security risk. Better/ more holistic metrics, measurement and factoring in the additional co-benefits of climate action, for peace and security might also impact funding decisions in favour of conflict-affected and fragile contexts, (see Box 1. for more information on co-benefits.)

Implementation of smaller climate change adaptation projects first

Programming supporting access to energy can typically require larger investments, and thus, related investments are higher in more stable contexts, also reflecting higher co-financing available for mitigation efforts. In complex contexts, the implementation of large-scale projects may indeed interact or exacerbate conflict drivers or potentially through redistribution effects, impacts on political economy or power dynamics between parties in conflict and may trigger new conflicts. It may be necessary and/or useful to prove technical feasibility and assess impacts on conflict dynamics and demonstrate the success of financially smaller adaptation projects that tackle holistically the climate security nexus, with an embedded focus on peacebuilding to test approaches and build trust with local partners and communities, before larger scale livelihood development and ecosystem restoration initiatives and more conflict-vulnerable renewable energy infrastructure projects can be successfully designed and implemented. The importance of examining previous programming initiatives to see how they could be scaled up emerges from the data collection process.[100]

Climate finance for mitigation/ access to energy

Adaptation is urgently needed and greatly underinvested conflict-affected countries, but at the same time insufficient attention is paid to climate finance for mitigation and access to energy efforts, which are being implemented in conflict-affected and fragile contexts, but yet also suffer from a lack of finance. The OECD (2016) observes that gender is better mainstreamed into climate change adaptation than mitigation financing.[101] This same observation could be made in the case of climate-related security risks; more attention is needed to both conflict risks related to mitigation, but also potential co-benefits or peace dividends. A study by the IEA, IRENA, UN, the World Bank & WHO (2021) shows that, 759 million people worldwide still lack access to energy, half of whom live in fragile and conflict-affected settings,

[98] Chambwera, M. et al. (2014). Economics of adaptation. In: Climate Change 2014: Impacts, adaptation, and vulnerability. Part A: Global and sectoral aspects. Contribution of Working Group II to the Fifth Assessment Report of the IPCC.

[99] Johns, T. (2015) The impacts of international REDD+ finance DRC case study. http://www.climateandlandusealliance.org/wp-content/uploads/2015/08/Impacts_of_International_REDD_Finance_Case_Study_DRC.pdf

[100] Remote stakeholder interview.

[101] OECD (2016). Making climate finance work for women: Overview of bilateral ODA to gender and climate change. https://www.oecd.org/dac/gender-development/Making%20Climate%20Finance%20Work%20for%20Women%20-%20Copy.pdf

and 84 percent in rural areas. Moreover, an estimated 660 million people will continue to lack access to electricity in 2030.[102] Data compiled by UNHCR from 20 countries over the period 2018-2020 also highlights that in the host communities, access to energy was 33 percent, whereas that of refugees, just 18 percent.[103]

In their study of Mali, the Stimson Centre (2021) noted that 50.8 percent of the population have access to energy overall. This, however, varied greatly, with access in the South and centre of the country at 80 percent, compared to less than 2 percent in the North which is affected by conflict, thereby compounding inequalities and marginalization.[104] It finds that the deployment of renewable energy by including by the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) would not only help reduce transaction costs, carbon footprint and environmental impact, but also mitigate security risks related to diesel transportation and the illicit fuel trade,[105] and help unlock co-benefits in the form of increased access to energy in the North. Conflict sensitivity and peace dividends in relation to mitigation and energy are thus important in the examination of climate finance in conflict-affected and fragile contexts.

Key Gaps and Opportunities

From the review above, several key gaps and opportunities emerged for the integration of peacebuilding, security, and conflict considerations into the vertical funds. These include:

- **Integration into fund level strategic plans and programming guidance notes**

The overall consideration of climate security issues in the fund programming and planning processes varies greatly, with the GEF and the PBF making concrete steps to take stock of conflict sensitivity and provide guidance on adaptation programming. Both have conducted stocktaking exercises and provided guidance at the fund level, the GEF's thematic evaluation offers key insights which could inform a special track/request for proposals or funding windows.

To better address climate-related security risks at a fund level, it would be important to have direct and specific references to conflict and insecurity as they relate to climate change vulnerability integrated into the overall programming, strategic planning, and governance of the funds. The GEF evaluation report[106] for example, highlights the opportunity for the GEF Secretariat to develop guidance for conflict-sensitive programming to address measures across the programming lifecycle, from design to implementation and closure. Such guidance, if developed, could be replicated by the other funds and modified to fit their operational modalities.

- **Project development and review as opportunities for integration**

The vertical funds' project development templates do not, at present, require direct consideration of peacebuilding/conflict issues or include conflict prevention/ peacebuilding as co-benefits. As highlighted by the GEF evaluation report,[107] the project review process can be utilized to specifically consider fragile and conflict-affected contexts and provide specific feedback to project proponents to identify conflict and/or fragility-related risks to a proposed project and develop measures to mitigate those risks as well as opportunities for proactive peacebuilding from project outcomes.

[102] IEA, IRENA, UN, World Bank & WHO (2021). Tracking SDG 7: The Energy Progress Report. World Bank, Washington DC. https://trackingsdg7.esmap.org/data/files/download-documents/2021_tracking_sdg7_report.pdf

[103] Ibid.

[104] Druet. D., Lyammouri, R. & with Mozersky, D. (2021). From renewable energy to peacebuilding in Mali, MINUSMA's opportunity to bridge the gap. The Henry L. Stimson Center and Energy Peace Partners. https://reliefweb.int/sites/reliefweb.int/files/resources/Stimson_FinalRelease_June25.pdf

[105] Global Initiative against Transnational Organized Crime (2014). Illicit Trafficking and instability in Mali: past, present and future. https://globalinitiative.net/wp-content/uploads/2014/01/Illicit-Trafficking-and-Instability-in-Mali-Past-present-and-future.pdf

[106] GEF Independent Evaluation Office (2020). Evaluation of GEF support in fragile and conflict-affected situations. November 2020.

[107] Ibid.

- **Peacebuilding metrics and outcomes**

In some of the country deep dives, including in Mali and Sudan, the co-benefits of adaptation to a reduction in conflict between farmer-herder conflicts and in relation to rural electrification to addressing regional inequalities and stability, and thus peace and security are recurrent themes as are approaches to conflict prevention and peacebuilding. However, none of the vertical funds include prevention/peacebuilding outcomes as part of their results frameworks or key fund, project, or programme indicators. At a minimum, conflict and insecurity need to be considered in risk logs, and peacebuilding can and should be considered as a co-benefit, this could be ex-post, in an evaluation and/or as captured in routine monitoring and reporting. Project proposal documents and evaluation materials should also include mention of peacebuilding co-benefits for project proponents. The inclusion of peacebuilding as a co-benefit could incentivize project design teams to proactively introduce such elements.

Further, while this study has focused on climate finance, there is also separately a need to "climate-proof" prevention and peacebuilding investments (i.e., make sure they are informed by climate risk) particularly in contexts highly exposed and vulnerable to climate change. Often metrics for peacebuilding and those for climate change investments are not directly interoperable outside their originally intended ambit, without re-engineering of result measurement systems, including the accommodation of additional data requirements.

With the inclusion of indicators on climate-related security risks as part of the vertical fund proposal development process, there could be more of an incentive to allocate funding in conflict-affected areas as such future projects would track their progress, recalibrate accordingly in order to achieve the intended dual climate and security benefits and be actively designed to incorporate measures that aim to also prevent conflict recurrence and contribute peacebuilding efforts.

- **Portfolio tracking**

Apart from the 2020 GEF evaluation report[108] and the PBF brief,[109] there has been no tracking of the funds' portfolio impacts on prevention or peacebuilding to date. The GEF Independent Evaluation Office report was specially commissioned. It could be valuable to ensure that such statistics are regularly updated and dynamically tracked. As highlighted above, there are gaps in results framework integration, but at a minimum the funds could iteratively flag and track the projects in their portfolios that include peacebuilding elements.

- **Learning exchanges and technical assistance platforms**

An effective mechanism for dynamic integration of other complex issues has been learning, exchange, and technical assistance platforms, for example the GEF's Global Wildlife Program (GWP) and the Climate Technology Centre and Network (CTCN). A similar mechanism could be envisioned to support exchange and innovation in the climate security space, as highlighted by the GEF evaluation report.[110] This could also be proposed at a level that spans multiple funds.

[108] Ibid.

[109] Climate-fragility policy paper: Climate change in the United Nations Peacebuilding Commission and Fund (2020). https://climate-security-expert-network.org/sites/climate-security-expert-network.com/files/documents/csen_climate_fragility_policy_paper_-_climate_change_in_the_un_peacebuilding_commission_and_fund.pdf

[110] GEF Independent Evaluation Office (2020). Evaluation of GEF Support in Fragile and Conflict-Affected Situations. November 2020.

- **Risk assessment and management**

Many projects already do endeavour to tackle indirect risks related to programmatic activities, including potential involuntary displacement; differentiated impacts on gender and women's empowerment. None of the funds deliberately integrate conflict or peacebuilding considerations into project gender, environmental and social safeguards, or general risk assessment frameworks at present. Observations from country portfolios examined in relation to this survey indicate that conflict and insecurity, when considered, are generally approached in terms of sustainability and risks for project implementation, completion and/ or cancellation, with regards to conflict areas (i.e., getting the project completed despite conflict context). There is an opportunity to more holistically approach climate-related security risks and leverage projects to help address root causes and lower risk for future projects.

While the specific gender, environmental and social safeguards, and overall risk impacts from climate change and climate-related security risks are relatively new as a programming concept and dynamic in nature, there is enough understanding and lessons learnt to be able to logically think through these linkages during project design and review, though it may be important to develop specific guidance detailing these linkages for all practitioners. At a minimum, it would be important to mainstream specific questions related to climate-related security risks into the broader environmental and social safeguards, gender, and risk assessment policies/safeguards, as well as the more targeted screening tools and project templates, to direct projects to more proactively identify and plan for these risks. Indeed, the GEF evaluation report[111] highlights the need to expand the current environmental and social safeguards (including gender) to provide more details to help guide projects to ensure conflict sensitivity. Such an approach might help address some conflict risks in the practice of "first, do no harm". However, a contribution to peacebuilding and peace dividends would arguably require a change in higher-level programming objectives, at the level of a project's overarching "Theory of Change."[112]

- **Integration into country level programming and plan development**

Many of the funds utilize mechanisms like country-level programmes to help guide and focus project development in-country, including considerations like country priorities and adaptive context. Some of these documents include details on conflict and security risks, and peacebuilding efforts, but this tends to be as background information rather than as part of the envisioned/needed country portfolio to be developed. Given the importance of these processes in setting the goalposts for project development, the development of these country-level programming documents represents a key entry point, particularly for stakeholder engagement.

A corollary to this is the National Adaptation Plan (NAP) process, which is supported, in large part, by assistance under the GCF and the GEF. The National Adaptation Plans represent a foundational element for all climate change adaptation action and strategies in-country and offers a critical opportunity to integrate conflict considerations in climate change vulnerability and adaptation to support for the development of NAPs.[113]

[111] IBID.

[112] UNDG (2016) Theory of change UNDAF companion guidance. https://unsdg.un.org/resources/theory-change-undaf-companion-guidance

[113] NAP process and peacebuilding (2020). https://www.weadapt.org/sites/weadapt.org/files/napgn-en-2020-the-nap-process-and-peacebuilding.pdf

- **Special pathways for climate security project development**

A special vehicle or request for proposals (RFP) process for peacebuilding and climate change could potentially provide a window to integrate climate-security nexus projects into the funds' portfolios. Special RFP processes have been used effectively by all four vertical climate change funds to target projects with specific characteristics or geographies similar to the GCF's RFPs for scaling-up micro, small, and medium enterprises, direct access, REDD+, etc.[114] This is critical, because as highlighted above, the primary project development processes do not easily accommodate the design of climate-security projects. A specialized RFP or other equivalent vehicle could not only help kickstart specific development of dual-focused climate security projects (specific marketing, timelines, support, incentives, etc.), but could also help fast track specific internal planning and inclusion of climate-security considerations into overall fund programming and frameworks (i.e. metrics, environmental and social safeguards, gender, risk assessment, M&E, etc. as highlighted above).

Key structural elements for scaling conflict prevention and peacebuilding integration into the vertical funds

In carrying out the fund architecture level research, several key elements where peacebuilding and climate change programming overlap or have the potential for parallel approaches were identified. Specifically, these include:

- **Stakeholder engagement**

A critical component to conflict prevention, peacebuilding and security is intentional and iterative stakeholder engagement focusing on inclusion, participation, and consultation, as well as devolution of decision-making to the lowest possible level, as exemplified in the 'Principles for locally-led adaptation'[115]. This also is a lynchpin of developing and implementing successful climate change projects. Both processes focus on identifying the diverse needs and priorities of different stakeholder groups and tailoring programme/ project interventions to balance and address key needs and priorities. Oversight to climate change efforts is typically provided by the Ministry of Environment or similar line ministries, which according to their remits, do not typically have the expertise or purview of the line ministries and entities engaged in peacebuilding.[116] It may be beneficial for environmental actors at all levels to collaborate with ministries/agencies within the national government in order to add conflict prevention and peacebuilding elements to climate change project design and development.

- **Convening power of the vertical funds**

All four vertical funds as well as the PBF have platforms and convening power for bringing together diverse stakeholders, both for targeted discussions and strategy building as well as for specific projects and programmes. This is critical for tackling complex issues like peacebuilding and climate change both at a fund/programme level, but also in more localized arenas for specific projects.

[114] For more information on the RFP process, see: GCF: Mobilizing funds at large: https://www.greenclimate.fund/projects/rfp#overview

[115] IIED, SDI, BRAC, ICCCAD, Women's Climate Centers International & the Huairou Commission (2021). Principles for locally led adaptation: A call to action. Issue paper January 2021. https://pubs.iied.org/sites/default/files/pdfs/2021-01/10211IIED.pdf

[116] Stakeholder remote interview.

- **Ability to develop and coordinate cross-boundary projects**

Parallel to the above, these vertical funds are uniquely positioned in their ability to address cross-border or transboundary issues that may be underlying or more direct drivers of instability or climate vulnerability. In this study, it was not possible to disaggregate data from (sub-) regional or multi-country projects. However, both the literature and recent studies on climate-related security risks stress the importance of cross-border, sub-regional and regional approaches.[117] The OECD estimates that in 2016-18, 21 percent of total climate finance provided and mobilised by developed countries reported was allocated either at the regional level or for multiple countries.[118]

Both peacebuilding projects as well as climate change projects through the vertical funds and the PBF can be developed at a scale that can functionally address key cross-border and (sub-) regional impacts, considerations, and challenges that can be critical for holistically addressing both climate change and peacebuilding objectives.

Annex I. List of interviewees

1. Azza Aishath, Technical Specialist – Climate Change Adaptation, UNDP Bangkok Regional Hub
2. Mohammad Alatoom, Programme Analyst - Head of Environment and Climate Change Portfolio, UNDP Iraq
3. Ghimar Deeb, Deputy Resident Representative, UNDP Iraq
4. Nadheer Fazaa, Programme Specialist, UNDP Iraq
5. Lyes Ferroukhi, Regional Team Leader - Nature, Climate and Energy, UNDP Panama Regional Hub
6. Dorine Jean Paul, Head of Resilience Unit, UNDP Haiti
7. Kamathe Katsongo, Chief of Project – National Adaptation Plan, UNDP in the Democratic Republic of the Congo
8. Natacha Kunama, Crisis Prevention and Recovery Officer, UNDP Mali
9. Karma Lodey Rapten, Regional Technical Specialist, UNDP Bangkok Regional Hub
10. Elwathig Mukhtar Hamid, Programme Representative, FAO Sudan
11. Hanan Mutwakil, Programme Analyst; UNDP Sudan
12. Claudia Ortiz, Climate Change Strategies Specialist, UNDP Panama Regional Hub
13. Sujala Pant, Chief Technical Advisor, UNDP Amman Regional Hub
14. Jimena Puyana, Sustainable Development Programme Specialist, UNDP Colombia
15. Simon Rietbergen, Senior Forestry Expert, FAO Rome
16. Monica Rijal, Deputy Resident Representative, UNDP Kyrgyzstan
17. Intisar Salih, Programme Analyst; UNDP Sudan
18. Jo Scheuer, Resident Representative, UNDP Mali
19. Dustin Schinn, Programme Specialist, UNDP Amman Regional Hub
20. Rachel Scott, Senior Policy and Partnerships Advisor, UNDP Geneva
21. Diane Sheinberg, Peacebuilding Officer, the UN Peacebuilding Fund
22. Sylvie Wabbes-Candotti, Agronomist, Emergency, and Resilience Officer, FAO Rome
23. Charles Wasikama, Programme Officer; UNDP in the Democratic Republic of the Congo

Annex II. SparkBlue e-discussion: climate finance for sustaining peace

Following an initial portfolio review, an e-discussion under the theme *Climate Finance for Sustaining Peace* was held in October 2020 to bring together experts from both the climate finance and conflict/peacebuilding space, to discuss the contribution of climate finance to sustaining peace.

During the four-week online discussion, 37 participant contributions were gathered. The comments highlighted examples of adaptation projects that have secondary peacebuilding outcomes, explored some of the bottlenecks that currently affect access to climate finance by conflict-affected and fragile states, and brought out additional questions to explore further.

Three main areas of focus emerged:

1. Importance of mapping financial flows.
2. Vertical fund support to indirect peacebuilding outcomes.
3. Key bottlenecks to accessing climate financing stream

1. Mapping financial flows – ODA, climate, and humanitarian

Mapping climate-finance flows and understanding how climate finance is tracked and labeled is a priority. Moreover, there is a need to examine humanitarian responses more closely, to map ways in which this funding directly or indirectly addresses building resilience to climate risks, and whether there is evidence that this funding can contribute to peacebuilding outcomes.

The e-discussion was kicked-off by with information on Official Development Assistance (ODA) flows that are currently directed toward fragile contexts from the 2019 OECD/INCAF report:

- 37 of the 58 fragile contexts had less than 10 percent of their ODA allocated to climate adaptation objectives in 2016 and 2017
- 45 of the 58 fragile contexts had less than 10 percent of their ODA allocated to climate mitigation objectives.
- Using the 2016/2017 average, ODA with climate objectives in fragile contexts is split almost equally between mitigation and adaptation, with US$ 5.3 billion per year, on average, for adaptation and US$ 5.2 billion for mitigation.
- Multilateral ODA for climate change in fragile contexts favors mitigation projects (68 percent) and is mostly (83 percent) in the form of loans.

The data points presented sparked discussion about how the current finance flows allocated to climate change objectives in fragile contexts could be further unpacked and disaggregated to better understand the target for these climate flows. Key points included the following:

- What types of ODA tracking systems might clarify how climate finance is allocated in conflict-affected states and towards peacebuilding objectives.

- The OECD DAC's policy marker system currently has 13 policymakers, including ones for climate mitigation and adaptation, but none for humanitarian assistance, nor conflict prevention or peacebuilding. This system allows tracking of policy objectives that might occur across multiple sectors: for example, a school building project might also get tagged with climate mitigation if it also includes solar panels. If the OECD were to create additional markers for humanitarian assistance, conflict prevention, peacebuilding etc., it might be possible to see the extent to which projects address both peace and security and climate objectives.

- The OECD DAC figures reflect the overall skew in climate finance towards mitigation, with only around 27 percent going to adaptation overall in 2018. By this measure, fragile states aren't receiving sufficient adaptation financing. The imbalance does also raise the question of why the adaptation needs in these countries aren't getting more priority.

- While ODA and development flows are a significant factor for climate change adaptation in fragile contexts, other finance flows, including multi-year humanitarian responses should not be overlooked. In some cases, where such flows have been constant through prolonged and often protracted crises, significant humanitarian funding has been put towards resilience.

- Humanitarian aid interventions that mitigate climate security risks include addressing environmental damage from conflict, ameliorating poor agricultural infrastructure/ waterways/ irrigation, and implementing independent and local sustainable energy.

- How this funding is identified and mapped is a challenge, especially when political contexts favor short-term responses over longer-term solutions for those affected by conflict.

Box 1 provides a summary of potential research opportunities in this area.

Box 1. Mapping Finance Flows: Research Opportunities

- ☐ Examine humanitarian responses to more closely map ways in which this funding addresses directly or indirectly building resilience to climate risks and whether there is evidence that this funding can contribute to peacebuilding outcomes (see WFP's Contribution to Improving the Prospects of Peace, 2019).

- ☐ Map out how the broad areas of addressing environmental damage in conflict-affected and fragile contexts can link directly or indirectly to building resilience to climate risks.

- ☐ Explore existing marker systems to highlight whether these systems track climate finance properly or whether new systems or adjustments are needed.

2. Vertical fund support to indirect peacebuilding outcomes

Even when climate finance is channeled directly to conflict-affected and fragile states – at least within the context of the vertical funds (the Adaptation Fund, the CIF, the GCF and the GEF) – contributions to sustaining peace are not considered or measured as direct or indirect benefits. While the GEF does have a dedicated programme window on climate security, its results framework still does not fully capture these potential benefits.

The perceived risk profile of fragile countries, especially when dealing with non-grant instruments, can make it more difficult for these countries to access climate finance. There is a hesitancy to invest where the risks for government collapse, physical asset destruction, and armed conflict are considered higher.

Discussions centered around how a lens on sustaining peace could potentially be structured within vertical fund programming to better measure peacebuilding results. Some key messages that emerged included:

- A few humanitarian organizations are directly trying to access climate finance through multilateral climate funds – Save the Children, Australia (SCA) is one such example, having been accredited to the GCF in November 2019 and submitting their first project concept. Having a broader range of organizations that can access climate finance directly may be one way to better target peace building outcomes in conflict-affected and fragile contexts.

- The GCF recently approved a project in Sudan *Building resilience in the face of climate change within traditional rain fed agricultural and pastoral systems* (UNDP, August 2020). The project mentions the "enhanced capacity of the state-level administration in areas of environmental governance, management of shared natural resources, inter- and intra-state relations and how to establish a network of early warning systems will help prevent conflicts and out-migration in the targeted areas."

- UNEP's guidance *Addressing Climate-Fragility Risks Linking Peacebuilding, Climate Change Adaptation, and Sustainable Livelihoods* helps to think through and articulate the connections between climate change adaptation, sustaining peace and sustainable livelihoods. The guidance note provides insights on how to more systematically ask the kinds of questions that otherwise will be implicit assumptions about human, social, financial or physical dimensions of resilience when designing funding proposals.

Box 2. provides a summary of research opportunities in this area.

Box 2. Peacebuilding Outcomes: Research Opportunities

- ☐ Outline ways to ensure specific priorities, such as sustaining peace, receive sufficient funding attention within climate finance.
- ☐ Explore further how to resolve the tension between targeting and mainstreaming without creating false dichotomies and considering such priorities integrally.
- ☐ Build on currently available guidance to facilitate the integration of peace outcomes through climate financing. Such guidance can provide a rationale for stronger and more sustainable results.

3. Bottlenecks to accessing climate financing streams in conflict-affected and fragile states

Two main examples of bottlenecks to accessing climate finance streams were highlighted during the course of the e-discussion. The first is related to evidence that those funding climate projects deemed post-conflict reconstruction to be out of the scope for climate finance. The second specifically addressed the data requirements of the GCF, in terms of historical trends (30 years) and granularity (location to meteorological stations) – which is extremely difficult in typical conflict-affected contexts. Key messages that emerged included:

Key messages

- There have been some concerns expressed about peacebuilding outcomes being prioritized in the context of climate finance, as some view this to be beyond the mandate of such financing mechanisms.[119]
- Nevertheless, the thematic areas funded by global climate funds, such as health, water, and food security, climate resilient infrastructure, and disaster risk reduction can all contribute both directly and indirectly to sustaining peace.
- To unlock climate finance for conflict-affected and fragile contexts, a protocol could be established on data requirements. This could help offer assurance to fund management teams and boards of a sufficient climate rationale, while reducing the burden for conflict-affected and fragile states to collect data that may be costly or risky to acquire.

Box 3. provides a summary of research opportunities in this area.

Box 3. Bottlenecks: Research Opportunities

- ☐ Connect climate adaptation themes more explicitly to sustaining peace.
- ☐ Develop indicators to measure sustaining peace or conflict prevention within the context of climate finance.
- ☐ Explore ways to mainstream conflict, peace and security considerations while ensuring funding continues to target climate objectives

The e-discussion concluded by emphasizing the importance of collecting further examples of where climate finance projects have integrated peacebuilding or conflict prevention, as well as acknowledging insights outside of the climate-specific multilateral funds. One such example was the Climate Security Project in the Pacific supported by the PBF.[120] Another was a World Bank supported project that links climate finance and peacebuilding in Colombia.

[119] The GCF and other vertical climate funds have been set up with a clear scope of work focused on climate change. Conflict, poverty, environmental degradation etc. are the issues that persist in many parts of the world with or without climate change. Therefore, climate funds especially the GCF require a partnership approach whereby the development partners, including regional banks, UN agencies, international NGOs or government institutions leverage ODA and other financial instruments to tackle these foundational problems in these other areas. The assumption is that such synergies between two or more streams of funding will deliver both climate and sustainable development benefits, including potentially peace building. Therefore, GCF projects or other climate fund projects are typically matched with other sources of co-finance to deliver such co-benefits. This arrangement may not well understood by the beneficiary countries or institutions.

[120] UNDP Pacific Office in Fiji (2020). United Nations launches pioneering Climate Security Project in the Pacific supported by UN SG's Peacebuilding Fund. https://www.pacific.undp.org/content/pacific/en/ home/presscenter/pressreleases/2020/un-launches-pioneering-climate-security-project-in-the-pacific.html

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