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Climate finance in action: case studies

In this section, we present a few select interventions that have been successful in relation to specific areas of the principles of good climate finance and were able to provide clear evidence and learnings. The evidence we present here showcases trends and lessons from positive deviance. As already noted, we selected the interventions included here following wide consultation with actors across the climate landscape, including climate fund representatives.

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Case study 1. Strengthening resilience in the Eastern Caribbean[10]

Funder:	GCF
Implementing entity:	Department of Environment, Antigua and Barbuda
Countries:	Antigua and Barbuda, Dominica and Grenada
Project name:	Integrated physical adaptation and community resilience through an EDA pilot in the public, private and civil society sectors of three Eastern Caribbean SIDS
Approved:	2018
GCF financing:	US$20 million grant over four years
Total project amount:[11]	US$22.6 million

This project supports the three Caribbean countries to strengthen their resilience to climate change, particularly to the rising risk of hurricanes. Although the project is yet to produce tangible results and lessons, its design tackles the short-term nature of GCF's EDA funds by prioritising an empowerment approach (GCF 2018b).

Its main objectives are to create a legacy of three to six financing mechanisms that can deliver grants or loans to locally led resilience investments. At least three of these institutions should be accredited to the GCF before the project close, to ensure the project's sustainability and continued access to GCF investment and resilience funds. It has taken a whole-of-society approach, including some organisations that have not received or managed climate finance before. The project will make US$6.5 million available for each country, split between:

Public sector on-granting: US$3 million to government line ministries for concrete adaptation activities at the sub-watershed and village level, to be developed in close consultation with local governments. Proposed grant managers are the Departments of Environment in each country.

On-granting to local organisations: US$1 million for on-granting to community groups, local NGOs and CSOs through a competitive facility, with projects capped at US$50,000. Possible grant managers include the Antigua and Barbuda Marine Ecosystems Protected Areas Trust, the Dominica National GEF SGP and the Grenada Sustainable Development Trust (set up via GIZ, the German development agency) or the Grenada Basic Needs Trust Fund (set up by the Caribbean Development Bank).

Private sector on-lending: US$2 million for microfinancing to homeowners and small businesses. The revolving fund will be capped at US$75,000 each. Possible loan managers include the Antigua and Barbuda Sustainable Island Resource Framework Fund, the Dominica Climate Change Trust Fund or the Dominica Agricultural Industrial and Development Bank, and the Grenada Development Bank.

Capacity building: US$500,000 to produce decision support tools for understanding and assessing climate risk for the financial institutions and local actors seeking access to subgrants. This will help them develop transparent decision making, environmental and social safeguards and enhance their project management skills. It is hoped that at least 90% of project beneficiaries will report that investment decision making has been inclusive.

[10] Sources for this case study: GCF (2020c and 2018b).
[11] This is the sum of the intervention's fund financing and co-financing.

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Case study 2. Creating climate-resilient livelihoods in Namibia[12]

Funder:	GCF
Implementing entity:	Environmental Investment Fund (EIF)
Country:	Namibia
Project name:	Empower to adapt: creating climate-change resilient livelihoods through community-based natural resource management in Namibia
Approved:	2016
GCF financing:	US$10 million grant over five years
Total project amount:	US$10 million

The project builds on the Community Based Natural Resource Management (CBNRM) Network of communal conservancies and community forests in rural Namibia, which seeks to devolve wildlife, tourism, forest and now climate-resilience rights to rural communities. The network comprises 200,000 residents and 82 communal conservancies covering 32 forests. Before the start of this project, the network had little access to climate finance and limited technical and human resources to deliver adaptation.

The project will deliver two components:

- **Capacity building and community support:** US$893,500 to strengthen the CBNRM Network's institutional capacity to deliver climate-resilient investments, including climate monitoring systems, governance and the ability to lead community resilience initiatives.
- **Resilience grant facility:** US$7.98 million in grants to finance devolved resilience investments developed by legally recognised community-based organisations (CBOs) that are part of the CBNRM Network. The project will provide at least 33 grants, averaging US$240,000 each, over periods of up to three years, for climate-resilient agriculture, climate-resilient infrastructure and ecosystem-based adaptation. Recipient organisations will have to demonstrate the capacity to develop and implement fundable subgrants directly and on their own. If they cannot do so, they can partner with a capable external organisation, which must show how they will adequately up-skill their partners.

[12] Sources for this case study: GCF (2020e).

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Case study 3. Enabling rural farmers and vulnerable communities to respond to climate change in South Africa[13]

Funder:	Adaptation Fund
Implementing entity:	South African National Biodiversity Institute (SANBI)
Country:	South Africa
Project name:	Taking adaptation to the ground: a small grants facility for enabling local-level responses to climate change
Approved:	2014
AF financing:	US$2.44 million over five years
Total project amount:	US$2.44 million

The project aims to devolve subgrants to rural farmers and vulnerable communities so they can identify, design, implement and report on their own resilience interventions, with support from facilitating agents. Its Small Grants Facility (SGF) has three financing windows: climate-smart agriculture, climate-resilient livelihoods and climate-proof settlements.

The subgrants are intermediated through SouthSouthNorth, a South African NGO that works through extensive networks to help facilitate whole-of-society policy and knowledge interventions, partnerships and deep collaboration. Three facilitating agents — Conservation South Africa, CHoiCe Trust and the Mopani Facilitating Agency — support CBOs to develop projects that address climate risks, show a clear, demonstratable and tangible adaptation benefit for vulnerable communities, support concrete actions and particularly benefit women. The project has allocated US$1.5 million to these investments; US$325,000 to building CBOs' institutional capacity; and US$189,000 to learning throughout the project to contribute to a future sustainable national small grants facility for community-based adaptation.

So far, the project has supported 14 grants for climate-smart agriculture, 9 for climate-resilient livelihoods and 5 for climate-proof settlements, at around US$100,000 each. A mid-term evaluation (Soal and Diedericks 2018) found that:

- It has successfully devolved subgrants to the local level, supported significantly by the facilitating agents. The experience of the facilitating agents and SouthSouthNorth shows the importance of early and extensive facilitation and capacity building before delivering subgrants. Governance and decision making, however, has been overly hierarchical, possibly undermining the project's localisation objectives.
- The short-term 3.5-year grants are at odds with the aspirations of building climate resilience and institutional capacity.
- The SGF has taken a long-term perspective to building institutional capacities, which have so far paid off, with improved ability to understand climate risks and manage finances. The project did initially underestimate the level of early capacity building needed, particularly for monitoring, evaluation and subgrant reporting.
- The project aspired to take an adaptive management approach, helped by the familiarity between subgrant recipients and facilitating agents. However, disagreements over minimum compliance standards and underestimating the importance of integrating learning processes into the project cycle early on have posed a challenge.
- Many good CBOs are not applying for grants. They may be put off by the long list of requirements to access funding; organisations may need more flexibility to develop over the course of the grant-making period.

[13] Sources for this case study: Adaptation Fund (2014c) and Soal and Diedericks (2018).

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Case study 4. Increasing climate resilience in Costa Rica[14]

Funder:	Adaptation Fund
Implementing entity:	Fundecooperación para el Desarrollo Sostenible (Fundecooperación)
Country:	Costa Rica
Project name:	ADAPTA2+: Reducing vulnerability by focusing on critical sectors (agriculture, water resources, and coastlines) in order to reduce the negative impacts of climate change and improve the resilience of these sectors
Approved:	2014
AF financing:	US$10 million over five years
Total project amount:[15]	US$10 million

ADAPTA2+ seeks to increase climate resilience in six vulnerable socioeconomic regions in Costa Rica, across three critical sectors:

- **Agriculture and livestock:** US$3 million allocated to investing in projects that help increase adaptation capacity in the agricultural sector
- **Water resources and coastal management:** US$3.5 million allocated to investing in projects that help improve water resource management to increase climate resilience in coastal communities, and
- **Stakeholder capacity building:** US$1.9 million allocated to improving the adaptive capacity of communities, producers, institutions and other relevant stakeholders.

Programme implementation is devolved to one executing entity per subproject. These entities have an in-depth knowledge of regional or local adaptation issues, stakeholders and socioeconomic context. The subprojects were selected through an open call and multi-step screening process, with a final shortlist of 40 projects. When the mid-term evaluation (Dumas and De Baets 2018) was published, 33 projects were operating. The evaluation's main relevant findings were:

- The programme is on the path to achieving the expected outcomes of strengthening farming productivity, reducing soil loss, improving water management, preserving water resources and reducing vulnerability in coastal communities. Beneficiaries also reported that the programme had reinforced local mobilisation, organisation and food security — with active involvement of women and children — as well as protecting biodiversity and diversifying the economy.
- Fundecooperación played a key coordinating role across a diverse group of actors, including beneficiaries, technical experts, government entities and executing entities. It worked with 33 executing entities of different backgrounds and resources, running different types of project in different regions of the country, outsourcing technical and field monitoring responsibilities. It also developed strategic partnerships with the Ministry of Agriculture's extension agencies to increase the technical support available.
- The programme's emphasis on capacity building and training contributes to its financial sustainability. However, many projects underestimated the need for preparation and readiness activities at the design stage, causing significant delays in implementation. But others compensated with more efficient preparation and readiness.
- If Fundecooperación can succeed in consolidating long-lasting access to microcredits, farmers and communities are likely to sustain programme outputs related to socioeconomic development over time.
- Although the executing entities found the reporting to be demanding, most have dedicated and trained one member of staff for this. As a result, they have found that it is becoming less of a burden over time and has been useful for self-evaluation.

[14] Sources for this case study: Adaptation Fund (2014a and 2014b); Dumas and De Baets (2018); and https://tinyurl.com/yb2ko4kf
[15] This is the sum of the intervention's fund financing and co-financing.

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Case study 5. Integrating traditional knowledge with climate science in Bhutan[16]

Funder: GCF

Implementing entity: WWF International

Country: Bhutan

Project name: Bhutan for Life

Approved: October 2017

GCF financing: US$26.5 million grant over ten years

Total project amount: US$118.3 million

This 14-year GCF co-financed project plans to enable Bhutan to upgrade its natural resource management in 51% of its territory so it explicitly mainstreams climate change. This will support the resilience of its protected areas and the livelihoods that depend upon them, while also increasing the natural ecosystems' sequestration of greenhouse gases.

The project began disbursement in 2019 and intends to use a community-focused approach. To understand the resilience of natural ecosystems, it will assess local vulnerabilities, existing adaptation responses, climate impacts and the capacity of local communities, particularly women and poor groups. It will complement this local knowledge with stronger climate information by installing local weather stations in collaboration with Columbia University and NASA to provide weather and seasonal climate data and future climate scenarios. With this combined indigenous and scientific knowledge, the project will develop adaptation plans that focus on ecosystem-based adaptation responses for all traditional people living within the protected areas.

It will also provide capacity building and awareness raising in local communities to ensure they can engage in the conservation initiatives. Specifically, the project will train local youths to engage as citizen scientists to enhance the climate change data collected by ensuring it is locally relevant.

[16] Source for this case study: GCF (2017b).

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Case study 6. Providing long-term risk finance in Ghana, Nigeria and Uganda[17]

Funder: GCF

Implementing entity: Acumen Fund

Countries: Ghana, Nigeria and Uganda

Project name: Acumen Resilient Agricultural Fund (ARAF)

Approved: March 2018

GCF financing: US$26 million over 12 years (US$23 million in equity plus a US$3 million grant)

Total project amount: US$56 million

The ARAF will specifically focus on incubating early-growth agribusinesses that are seeking to enhance the resilience of smallholder farmers. The ARAF seeks to pioneer a shift from adaptation grant financing to long-term capital approaches by supporting 18 to 20 small private sector innovations in agricultural resilience. These include:

- **Aggregator platforms:** Helping bundle agribusiness solutions together to strengthen smallholder farmers' access to markets.
- **Digital platforms:** Providing bundled digital solutions for smallholder farmers to enhance supply chain resilience and efficiency.
- **Innovative financial services:** Providing innovative payments, credit and insurance products for smallholder farmers.

The ARAF has had three GCF disbursements since 2019, totalling US$1.9 million, and disbursements are set to continue over a 12-year timeframe. This provides enough time to incubate early-stage agribusinesses, and support them to develop, iterate, refine and build financially viable business models for resilience impact at scale. The ARAF will use the US$3 million GCF grant finance for a technical assistance facility to help investees build their skills in using climate forecasts, developing adaptation tools and techniques and other climate resilience approaches.

[17] Source for this case study: GCF (2018c).

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Case study 7. Participatory and devolved resilience investment planning in Zambia[18]

Funder: PPCR

Implementing entities: World Bank, AfDB, International Finance Corporation

Country: Zambia

Programme name: PPCR Zambia

Approved: 2009

PPCR financing: Phase 1 financing: US$1.5 million; projects financing: US$90.1 million; projects co-financing from other sources: US$314.8 million

The PPCR process in Zambia, initiated in 2009, sought to support piloting and demonstration of integrating climate risk and resilience into Zambia's core development policies, plans and programmes. It involved:

- Formulating a strategic programme for climate resilience (SPCR)
- Mainstreaming climate resilience into the national development plans, operational plans and budgets of eight key sectoral ministries
- Strengthening organisational and coordination functions between sectors and line ministries working on climate change and sustainable development issues, and
- Strengthening targeted climate change information available to decision makers and the general public.

The SPCR process has been strongly participatory from national down to community level, supported by a strong national-level climate champion and Zambia's decentralisation drive. The participatory approach to support national multisectoral coordination and consensus building involved four multi-ministry and multistakeholder platforms with representation from a wide range of international and local NGOs, private sector actors and academic partners. More than 40 agencies, organisations and institutions contributed to these platforms, including the Zambian Youth Climate Change Network. This wide-ranging participation influenced the PPCR investment plan to focus on:

- Participatory adaptation
- Community-based, climate-resilient initiatives integrated into local-area development plans, and
- Private sector support for microfinance, climate information and insurance.

The national champion for climate change established a national climate change secretariat, which helped bring together other donors and aid agencies to align their objectives and support the community-driven resilience initiatives more coherently.

Building on Zambia's strong decentralisation drive, this focus on participation and community has helped mainstream climate resilience into the government's sixth and seventh national development plans for 2011–2015 and 2016–2020. This provides a critical mandate for government ministries to allocate staff and budgetary resources to subnational climate resilience programmes. All provincial and district development plans are now also required to mainstream climate change.

[18] Sources for this case study: ITAD (2019); AfDB (2013); PPCR Zambia (2011); Bird et al. (2019); Vincent and Colenbrander (2018); World Bank (2013b); World Bank (2017); CIF (2018); CIF (2020b); and CIF. Zambia — PPCR Programming. www.climateinvestmentfunds.org/country/zambia/zambia-ppcr-programming

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The PPCR investment plan has resulted in the following two investment projects.

1. Strengthening climate resilience in Zambia and the Barotse Sub-basin

Implementing entity: World Bank

Launched: 2013

PPCR financing: US$36 million

Other amounts: US$213.55 million in co-financing

Closing date: December 2019

Duration: Nine years

The project provided strategic support to Zambia's Climate Change Programme, while implementing participatory adaptation and climate-resilient infrastructure in the Barotse Sub-basin of the Zambezi Basin, over a six-year implementation period. It is a good example of highly participatory investment planning that was not quite sustained throughout the project implementation period due to the challenging shift towards higher decentralisation, which created delays in local stakeholder engagement.

Regardless of these participatory challenges, the project has provided capacity and financial support to the Interim Inter-ministerial National Climate Change Secretariat in the Ministry of National Development Planning. It also built facilitation and technical capacity for mainstreaming climate change into local-level development plans and community decision making, and provided direct subproject grants to communities, wards and districts for climate adaptation measures. This process required significant training and engagement across multiple levels of government and sectors, as well as with local NGOs that could act as climate risk adaptation facilitators.

In 2018, the project secured additional financing to expand private sector-focused programming among producer groups. Activities included: strengthening private sector capacity to build climate resilience in agribusiness by establishing access to market and value chains in water and natural capital use and management; providing incentive payments and small grants to support livelihood diversification — for example, by supporting farming and fisheries; and developing a platform to facilitate the dissemination of market and climate information to farmers.

2. Strengthening climate resilience in the Kafue Sub-basin

Implementing entity: AfDB

Launched: 2013

PPCR financing: US$38 million

Other amounts: US$720,000 in co-financing

Closing date: December 2019

Duration: Five years

Focused on community-driven participatory adaptation and climate-resilient infrastructure in the Kafue Sub-basin of the Zambezi Basin, this project helped develop capacity for integrated planning at district and subdistrict levels. Although being nested within the ongoing decentralisation drive initially led to delays in its participatory approach, over the longer term, it has embedded local authorities within the project design and allowed local NGOs to complement the project with their local knowledge. The final evaluation report found that the project has supported stronger community adaptation processes and direct subproject grants to communities, wards and districts for their own resilience measures (ITAD et al. 2019).

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Case study 8. Participatory and devolved resilience investment planning in Tajikistan[19]

Funder: PPCR

Implementing entities: ADB, World Bank and EBRD

Country: Tajikistan

Programme name: PPCR Tajikistan

Approved: 2010

PPCR financing: Phase 1 financing: US$1.5 million; projects financing: US$72.1 million; projects co-financing: US$87.2 million

Tajikistan's strongly centralised government and rudimental understanding of climate risks posed some challenges in the initial PPCR planning approach, which was largely constrained to national government agencies. Despite the more challenging enabling environment conditions, local NGOs were able to challenge the lack of multi- and local-stakeholder engagement, leading to the creation of a highly participatory model of investment planning and subsequently project implementation. Activities proposed through the participatory planning included a shift to small hydropower and other decentralised renewables, disseminating climate forecasts to farmers, and involving river basin communities in assessing vulnerability, planning and project implementation.

Many of these suggestions were directly incorporated into the investment plans. More notably, this process also helped mainstream a deeply participatory approach going forward, with many thousands more people consulted, capacitated and benefiting from PPCR investments, including local NGOs, local governments and community leaders. The PPCR investments in Tajikistan now have a very strong community-based adaptation focus and are strongly accountable to local people — especially women — who have roles in project design, maintenance and monitoring.

Several projects were developed as part of the SPCR investment plan in Tajikistan, across various development sectors, some now completed and some still ongoing, including:

- **Improving weather, climate, and hydrological delivery (approved 2011):** US$7 million in PPCR funding, implemented by the World Bank. This project looked to improve Tajikistan's hydrometeorological monitoring system to provide timely warnings of dangerous climatic events and support water management, by building evidence of changing climate variability and strengthening the climate service delivery system.
- **Building capacity for climate resilience (approved 2012):** US$6 million in technical assistance PPCR funding, implemented by the ADB. This project aims to enhance climate change adaptation planning capacity at national and local levels, and within vulnerable sectors and populations.
- **Building climate resilience in the Pyanj River Basin (launched 2013):** US$21.55 million in PPCR funding, implemented by the ADB. This project aimed to increase resilience to climate vulnerability and climate change in communities in the river basin and to reduce poverty in the area. The project supported local government and local NGOs' technical skills and competencies in resilience planning, anchoring resilience objectives around local priorities and designing investments and indicators to monitor investment progress. They used field visits to get feedback from local people and village leaders, so they could specifically draw on local knowledge. Overall, the project helped improve community drinking water and irrigation systems, flood protection, climate-resilient agricultural practices, financial literacy and microloans for further resilience investments.
- **Environmental land management and rural livelihoods (approved 2013):** US$11.45 million in PPCR funding, implemented by the World Bank. This project aims to help rural people increase their productive assets in ways that improve natural resource management and resilience to climate change in selected climate-vulnerable sites.

[19] Sources for this case study: ITAD et al. (2019); CIF (2011); IISD (2012); CIF. The strategic climate fund. www.climateinvestmentfunds.org/node/5

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- **Enhancing climate resilience in the energy sector (approved 2014):** US$21 million in PPCR funding, implemented by the EBRD. The project sought to enhance climate resilience in Tajikistan's hydropower-dominated energy sector through integrated activities for improving the enabling environment for climate-resilient energy security and strengthening institutional capacities for climate-resilient hydropower operations. It also implemented the first phase of a climate-resilient upgrade of a major hydropower plant as a demonstration project.
- **Small business climate resilience financing facility (approved 2015):** US$5 million in PPCR funding, implemented by the EBRD. This private sector pilot project financing facility supports the uptake of climate-resilient, water-efficient and energy-efficient technologies by small businesses, farmers and households. The project has led to the Tajikistan Climate Resilience Financing Facility (CLIMADAPT), which broadens and scales up this facility.

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Case study 9. Institutionalising standard country-based mechanisms in Bhutan[20]

LoCAL promotes climate change-resilient communities and local economies by helping local government authorities in LDCs and other developing countries access the climate finance and capacity-building and technical support they need to respond and adapt to climate change.

LoCAL channels financing through PBCRGs. This incentivises local governments to target adaptation, while increasing transparency and accountability by enabling verification of climate change expenditures at the local level. It also provides technical and capacity-building support to improve performance. LoCAL grants are financial top-ups, intended to cover the extra cost of making investments climate resilient and/or of additional investments for climate change adaptation. They are channelled through existing fiscal transfer mechanisms.

Although they are relatively small top-ups compared to the regular central government allocations to local government, these grants demonstrate a mechanism that uses and strengthens the broader system to deliver on adaptation outcomes as an alternative to direct project delivery.

In Bhutan, LoCAL has supported districts and *gewogs* (groups of villages or blocks) to strengthen their climate change adaptation capacities against the backdrop of the national decentralisation process. The government's decentralisation reforms received a major impetus with the transition to a constitutional monarchy for democratic governance in 2008. This shift catalysed national initiatives to strengthen and empower local governments, significantly expanding their role, mandate and capacities. LoCAL embraced this process by piloting and establishing a PBCRG system for local climate responses. These grants provide funds to invest in climate change adaptation. They aim to mainstream adaptation in a participatory and gender-sensitive manner into local development planning and budgeting processes, while strengthening robust, transparent and accountable public financial or expenditure management systems in the context of climate change.

To access the grants, local governments must meet several minimum conditions that ensure some level of capacity and proper use of funds for climate change adaptation from year to year. They work against a risk-informed investment menu that is aligned with the NAPs and NDCs, and towards a set of pre-agreed performance measures, concerned with climate change adaptation and good governance more generally.

The relative performance of local governments informs the size of grant they get the following year, according to a transparent allocation formula. Technical and capacity-building support is provided alongside the grants, with performance measured through 30 indicators. The climate-related performance indicators include:

- Undertaking and using climate risk assessments
- Mainstreaming climate change adaptation in local planning and budgeting
- Incorporating climate information in the climate change adaptation investment designs
- Identifying additional costs of climate change adaptation or climate proofing, and
- Identifying the extent to which interventions addressed vulnerable groups.

Good governance indicators include compliance with environmental standards; participation and community engagement in planning, implementation and monitoring; and financial management and accountability for use of funds.

With EU development aid, the LoCAL mechanism in Bhutan has been gradually scaled up through a phased approach from four local governments to 100 of the 205 *gewogs* across the country. The LoCAL facility has also helped the Bhutan Trust Fund for Environment Conservation gain GCF accreditation with a view to further scaling up the mechanism through direct access.

[20] Sources for this case study: UNCDF (2019a, 2020a and 2020b).

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