

**Response to the UNFCCC Standing Committee on Finance [Call for evidence](#) on:  
Assessment of the effectiveness of climate finance flows, including  
drivers, impact results, meeting needs, and access**

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Mercy Corps welcomes the opportunity to respond to the Call for evidence to the Standing Committee on Finance (SCF) for the preparation of the 2020 Biennial Assessment and Overview of Climate Finance Flows. Mercy Corps is a humanitarian and development organization working in some of the world's most complex and fragile environments, including 17 of the 20 countries ranked lowest in the 2018 Global Peace Index. One overarching experience from our field teams is that there is a dearth of needed adaptation finance for adaptation, especially in fragile states, which do not necessarily fall neatly into UNFCCC categories of "LDCs," yet exhibit a mix of climate vulnerability and instability.

Mercy Corps has worked to increase the flow of climate finance- particularly adaptation funds- to local level communities in Least Developed Countries (LDC) and fragile and conflict-affected states. These efforts include strengthening government and communities' knowledge and ability to access climate finance. We have less examples of multilateral funds working in fragile states, and in fact, an analysis of the Green Climate Fund finds that of the top 21 most fragile states, only 5 country-specific adaptation projects have been approved, although there are regional adaptation programs that do include a few fragile states.

Recognizing the challenges of directing funding to local levels and that the impacts of climate change are most felt at the community level, **we recommend the following** activities to the UNFCCC and Parties to increase the effectiveness and impact of climate finance:

1. Provide support to local level officials to increase budgets for DRR and CCA and identify existing gaps;
2. Build capacity of communities to develop adaptation planning and financing to effectively build climate resilience;
3. Incorporate gender mainstreaming approaches in climate finance; and,
4. Identify gaps in adaptation finance for fragile states and develop timelines for addressing these gaps.

The short case studies below provide examples of the benefits of supporting local governments identify gaps in budgets for DRR/CCA, building community capacity for adaptation planning, and gender mainstreaming in climate finance.

**Supporting local governments to identify and fill gaps in Disaster Risk Reduction (DRR) and Climate Change Adaptation (CCA):**

Since 2007, Mercy Corps has worked in Nepal, an LDC where total annual flooding damage amounts to nearly two percent of national GDP. Through our work in the [Zurich Flood Resilience Alliance](#), Mercy Corps [researched gaps](#) in financing for DRR and CCA at local levels, and [supported](#) the governments of 11 municipalities and two districts to develop their Local Disaster and Climate Resilience Plans (LDCRP) and DRR Strategic Plans of Action, respectively. Calculating and informing sub-national/local governments on their current investments in DRR/CCA; and advising them on the benefits and practical methods of integrating DRR/CCA into wider development planning, led to 12 municipalities committing to investing 5% of their total budget to DRR/CCA. Learnings that emerged from this process underscore the importance of understanding governmental climate finance flows and how they can be, accessed, and effectively managed throughout local, sub-national, and national levels to reach impacted communities. Lessons include:

- Improved coherence between planning for DRR and CCA will improve efficiency and streamline planning and investment in resilience building. An integrated plan of DRR and CCA should be developed as a single document at the local level. In Nepal, the Local Disaster and Climate Resilience Plan (LDCRP) aims to be an overarching document and the national government is in the process of developing guidelines for municipalities to formulate the LDCRP. A clear roll out strategy including capacity development needs and a resourcing requirement plan is needed to undertake LDCRP planning across the most vulnerable municipalities. Reaching this scale will require support from non-government agencies and a roll out plan will help to coordinate inputs and actor involvement.
- Risk assessments are key to laying the groundwork for effective planning, budgeting, implementing, and monitoring of DRR and CCA activities. Local governments need guidance on how to identify risk, including specific methods (such as hazard, vulnerability, and capacity assessments; historical disaster data and local knowledge collection; timeline creation of frequented disasters; mapping vulnerabilities), timeline, and estimated budget for such assessments. Local governments should allocate budget for risk assessments every year, and reflect the information into their annual and multi-year development plans. Sub-national governments need to collect the municipal assessments and develop sub-national level risk profiles to understand transboundary issues surrounding watersheds and landscapes. Sub-national governments with high risk landscapes such as watersheds and river basins should additionally consider multi-stakeholder platforms for sharing risk information and joint planning across administrative boundaries.
- As national governments develop various guidelines and training for local governments related to DRR and CCA, concrete examples and estimated budget amounts of effective resilience investments need to be provided. Local governments require tangible examples of how to integrate DRR and CCA components in broader development budget sections such as infrastructure and agriculture. For example, municipalities should budget for and conduct risk assessments of the environment, and calculate potential economic and non-economic impact to the community when building embankment structures for flood management. Setting a numerical percentage goal of budget allocation to DRR and CCA at the municipal level can be one benchmark, although the quality and impact of the investments also need to be monitored so fund distribution does not become an end in itself.

### **Building capacity of communities to develop adaptation planning and financing to effectively build climate resilience:**

Improved effectiveness of adaptation finance at local levels is another key priority of Mercy Corps' work that has lessons for the UNFCCC. Under the DFID-funded 'Enhancing Climate Change Resilience project' in West Pokot County in Kenya, Mercy Corps identified a lack of capacity among policymakers for implementing policies and best practices to govern natural resources and plan for climate-related shocks.<sup>1</sup> Policymakers face additional challenges in reconciling the competing mandates of national and county-level structures. Increasing frequency of drought, and natural resource degradation, is also adding pressure to household food security. Recognizing the need for a multi-sector approach to address climate impacts, Mercy Corps supported communities to lead local climate change adaptation and natural resource management processes with locally-driven adaptation plans, and encouraged ward- and county-level government stakeholders to plan for and fund climate change adaptation.

Additionally, the DFID-funded Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) program in East Africa supported the establishment of community structures for the first devolved public

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<sup>1</sup>UKAID, Participatory approaches for inclusive climate change governance in Kenya, Practitioner Brief (August 2019)  
<https://ddp.or.ke/wp-content/uploads/2017/02/Participatory-approaches-for-inclusive-climate-change-governance-in-Kenya.pdf>

climate finance mechanism in Africa. These structures are designed to help manage the deployment of public funding for the implementation of Kenya's National Action Plan (NAP) as it flows from global sources, to the national government, and then through the decentralized system of government.

In Wajir, Mercy Corps and IIED established Decentralized Climate Finance (DCF) mechanisms at the Ward and County Government level that manage and oversee the County Adaptation Funds. As a result, each eligible Ward has received ca. £22,000 per year to support adaptation measures, identified and prioritised by their respective communities. Wajir, being one of the 5 DCF front runner counties recognised for its innovation and leadership, the Government of Kenya has committed itself to scaling up this DCF approach nationwide. Currently, this approach is being integrated into the curriculum at the Kenya School of Government and is aligned with the GCF requirements – eventually, the eligible Wards may be able to tap in to this global fund.

### **Incorporate gender mainstreaming approaches within climate finance:**

The DFID funded Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) program implemented by Mercy Corps in Kenya and Uganda was designed to build the resilience capacities of vulnerable people to prepare for, cope with and recover from climate related shocks.<sup>2</sup> Recognizing it is impossible to build resilience without also addressing systemic gender inequality, BRACED integrated gender considerations throughout its program activities, including the need to advocate for women's participation in governance to ensure that their views are reflected in decisions on disaster risk reduction and natural resource management and to target female-oriented markets, such as milk and agriculture, to improve women and girls' income generating capacities during challenging economic times.

Through the program, Mercy Corps promoted gender inclusive policy development by engaging government officials in **Gender Responsive Budgeting trainings** to guide investment in the development of new services and opportunities that will support women and girls to face economic and ecological challenges. BRACED also supported the development of the first ever **Gender and Resilience Strategy in Wajir County and lobbied the government to start a Gender Desk –a one-stop shop where people can go with gender specific grievances and interests**. As a result, the Wajir County Government now has a functional Gender Desk staffed by government employees and a 24-hour hotline where women and girls can report cases of gender-based violence (GBV). So far, the Gender Desk and hotline have led to numerous reports and over 13 convictions related to GBV in the County. GBV tends to spike during periods of drought, when women and girls walk long distances to collect water, highlighting the need for an integrated approach to gender mainstreaming in climate adaptation and DRR work.

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<sup>2</sup>Mercy Corps, Gender Program Fact Sheet: Kenya & Uganda Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED), (2018) <https://www.mercycorps.org/sites/default/files/2020-02/GenderProgramFactSheetBRACED.pdf>