



SESSION DESCRIPTION

E3 Toward locally-controlled adaptation funding

Panel discussion

Date: Friday, May 30, 2014

Time: 14:30:-16:00

Rooms: S30-32

Language: English

Contact: Laura Kavanaugh/Franziska Schreiber

Organized by: ICLEI

OBJECTIVE

Local governments and organized urban communities are very well positioned to respond effectively to their own climate change needs. However, current adaptation funding mechanisms are structured in a way that limits local agency. Locally-controlled and bottom-up financing has been shown to foster sustainable, innovative solutions driven by beneficiaries. Case study evidence suggests that these mechanisms could be improved and scaled up to achieve more holistic, transformational urban adaptation approaches.

The need for additional financial resources to respond to local climate impacts is widely recognized, especially in low-income and developing areas where climate shocks threaten development gains. Even where climate funds do exist, local governments and organized urban communities are limited in their ability to access these or to raise capital for climate adaptation through other means. When funding is available, it is often channeled through national entities and earmarked for special projects. These parallel structures frequently exclude local governments and stakeholders from the decision-making process and leave little scope for discretionary spending connected to long term adaptation and development plans.

This session will analyze current and emerging financial frameworks with the potential to address these issues, and will discuss alternative locally-controlled and community-driven models. Examples from Asia and Africa will be shared including case studies from Bangladesh and South Africa.

OUTCOMES

Participants will gain a better understanding of:

- The advantages of locally-managed adaptation funds;
- Existing financial mechanisms for increasing investment and capital at the local level; and
- How local governments and organized urban communities are applying these in innovative ways to increase resilience while improving governance and planning structures.

METHODOLOGY

- The facilitator will open with an introduction of the session and panelists. **(10 minutes)**
- Each speaker will be given time to describe their project or experience. **(5 x 8 minutes)**
- Panelists will engage in a facilitated discussion around the guiding questions. **(15 minutes)**
- Audience members will exchange questions and answers with the panelists. **(20 minutes)**
- The facilitator will conclude with final remarks. **(5 minutes)**



Guiding questions:

1. What are the limitations of current financial frameworks for supporting sustainable, inclusive adaptation approaches and investment suited to local realities?
2. What opportunities and models currently exist for local governments and communities to drive and finance resilience from the bottom up? How can they be scaled up?
3. What are the benefits and weaknesses of these models?
4. What is the potential for locally-controlled finance mechanisms to improve local governance, build capacity for long term integrated planning, and/or spark social change?

CONTRIBUTORS

Facilitator *David Dodman, Senior Researcher, International Institute for Environment and Development (IIED), London, UK*

The facilitator will provide a general overview of the need for and potential of alternative financial mechanisms and funding modalities to support adaptation actions by local governments and organized urban communities. The presentation will sketch the parameters of possible approaches to address the issue, and will frame the inputs of the subsequent panelists.

Panelist *David Jackson, Director, Local Development Finance Practice, United Nations Capital Development Fund (UNCDF), New York, USA*

Local Climate Adaptive Living Facility: Local governments driving adaptation

Will present UNCDF's approach for directing capital flows to local governments for inclusive growth, including results from the Local Climate Adaptive Living Facility (LoCAL). The program strengthens local financial management systems to increase access to international, regional, and national funding for climate change adaptation.

Panelist *Björn Surborg, Principal Advisor, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Dhaka, Bangladesh*

Comprehensive finance approaches for integrated resilience planning

Will draw on examples from Bangladesh to examine the use of national and international climate finance in local budgets, challenge the model of project-based, parallel adaptation funds and discuss the merits of a more holistic approach aligned with long term development goals.

Panelist *Md. Asgor Hossain, Executive Engineer, Narayanganj City Corporation, Bangladesh*

The role of public partnerships for disaster preparedness in Narayanganj

Will describe the experience of Narayanganj City Corporation which is developing an urban disaster preparedness program with the support of the UNDP Early Recovery



Facility. Through the ERF project, the city is partnering with UNDP and stakeholders to build local capacity for disaster planning and response to enable the city to recover more quickly from disasters.

Panelist *Diane Archer, Researcher, International Institute for Environment and Development (IIED), London, UK*

Locally-controlled funds and their potential for building resilience

Will assess existing financial mechanisms for building resilience in low-income and informal urban settlements and discuss the potential of locally-managed funds to meet adaptation needs, improve local conditions, and transform relationships between citizens and the state.

Panelist *Aditya Kumar, Deputy Director, Community Organisation Resource Centre, Cape Town, South Africa*

Planning at the eye level: Community-led climate change innovations

Using the example of Cape Town, will discuss the challenge of financing community development and show how informality can lead to innovation when urban poor communities organize to create and maintain resilient, localized infrastructure solutions, generating a ripple-effect on urban governance.

Further recommended reading

Smith B, Dodman D, Brown D (2014). *Reconfiguring Urban Adaptation Finance*. International Institute for Environment and Development Working Paper:

<http://pubs.iied.org/pdfs/10651IIED.pdf>

Ready for Climate Finance: GIZ's Approach to Making Climate Finance Work

<http://www.giz.de/expertise/downloads/giz2013-en-climate-finance-approach.pdf>
