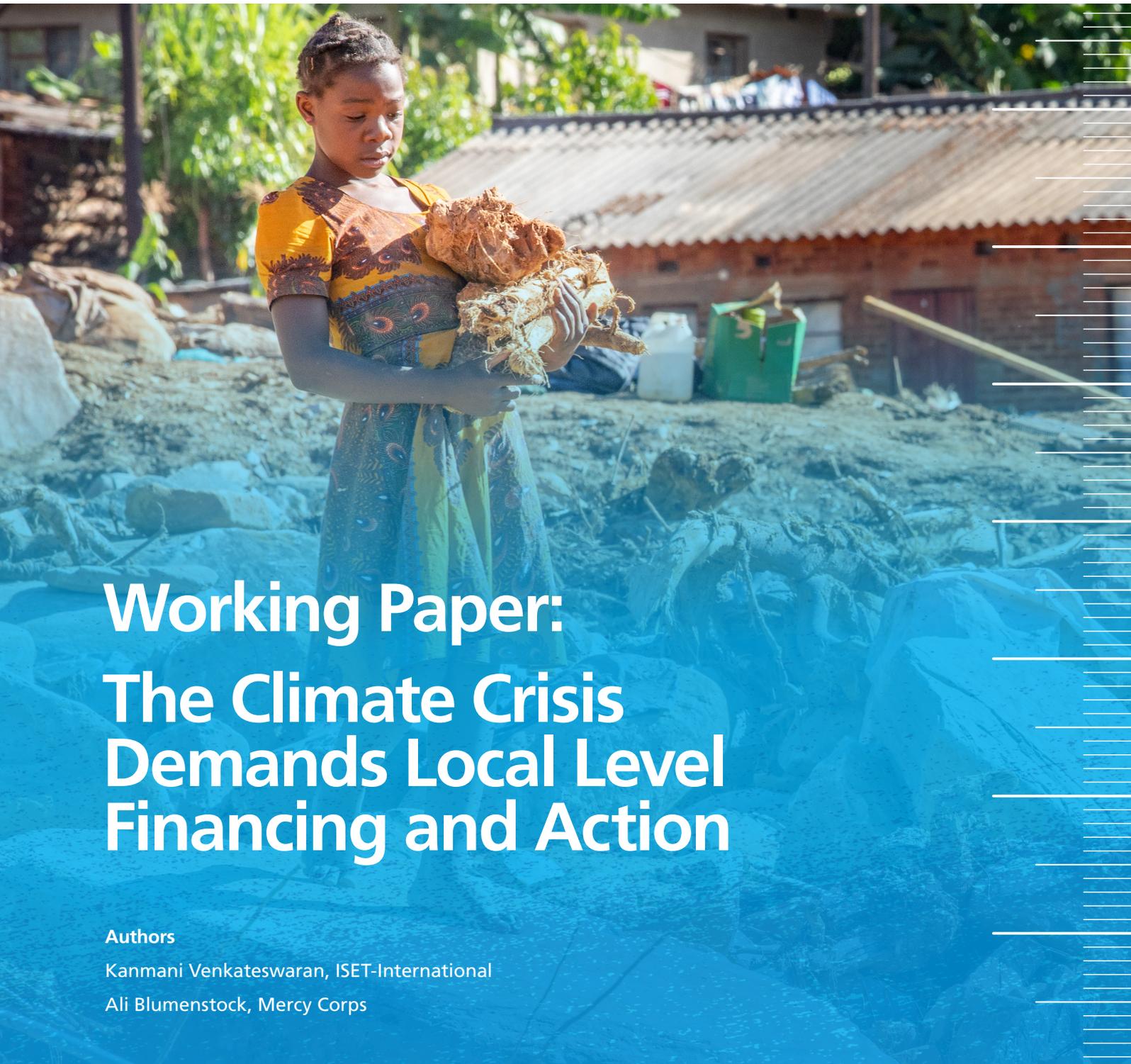




**Flood
Resilience
Alliance**

Working Paper
January 2021



Working Paper: The Climate Crisis Demands Local Level Financing and Action

Authors

Kanmani Venkateswaran, ISET-International

Ali Blumenstock, Mercy Corps

 @floodalliance

 www.floodresilience.net

Funded by:



Contents

Introduction	3
What’s the problem?	4
What’s the solution?	6
Best Practices from the Zurich Flood Resilience Alliance	7
1. Flexible programming and long-term investment in governance	7
The impacts of flexible and long-term programming.....	7
Recommendations.....	8
2. Cross-sectoral and cross-scalar investment and action	9
Advocating for and coordinating action and investment across sectors and governments.....	9
Recommendations.....	10
3. Tailored support to strengthen local governance and institutions	11
Building local capacity to plan, budget, and implement DRR and CCA activities	11
Recommendations.....	12
4. Robust understanding of local risks and resilience capacities	14
Using evidence of local risk, vulnerabilities, and resilience gaps to inform locally-led resilience activities and build ownership across levels of government.....	14
Recommendations.....	15
5. Transparency, accountability, and clarity of budget and spending	16
Using budget analysis and risk assessments to drive local-level climate finance to vulnerable communities	16
Recommendations.....	17

The Zurich Flood Resilience Alliance is a multi-sectoral partnership which brings together community programmes, new research, shared knowledge, and evidence-based influencing to build community flood resilience in developed and developing countries. We help people measure their resilience to floods and identify appropriate solutions before disaster strikes. Our vision is that floods should not have a negative impact on people’s ability to thrive. To achieve this, we are working to: increase funding for flood resilience and climate smart risk informed development; strengthen global, national, and sub-national flood policies; and improve flood resilience practice. Find out more at www.floodresilience.net.

Cover Photo: Ezra Millstein, Mercy Corps.

March 2019, Ngangu, Zimbabwe. A young girl carries debris from one of the many landslides that crisscross Ngangu in the aftermath of Cyclone Idai, which caused catastrophic damage in Mozambique, Zimbabwe, and Malawi. Strong winds and heavy rains, particularly in the Chimanimani and Chipinge districts, resulted in flash floods and destruction of infrastructure including houses, bridges, schools and utility lines

“People and communities on the frontlines of climate change are often the most active and innovative in developing adaptation solutions. Yet, too often, they lack access to the resources and power needed to implement solutions.”

- Global Commission on Adaptation¹

Introduction

Climate change is already wreaking havoc in communities around the globe. The climate crisis acts as a ‘threat multiplier,’ deepening global inequalities and weakening social institutions, with the poorest and most vulnerable disproportionately affected. In parallel, COVID-19 has increased communities’ vulnerability to climate and disaster risks. The implications are severe; the potential for future weather related disasters and climate catastrophe loom large.

Since 2013, the Zurich Flood Resilience Alliance (the Alliance) has focused on building resilience at the community level. This is in recognition that the devastating impacts of climate change are felt most immediately and severely at the local level, and that communities are aware of their vulnerabilities and understand how to build meaningful, local-level resilience that meets their needs.

However, practitioners and local level policy makers such as mayors and provincial officials have been constrained in their efforts to build resilience or scale successful activities due to a woeful lack of local financing for addressing the impacts of climate change. Building a more resilient society will require flexible, long-term funding at local levels, strengthened institutions that support community involvement in decision-making, capacity building that ensures funding is used to mainstream disaster risk reduction (DRR) and climate change adaptation (CCA), and clear evidence of effective programming to support planning and action. These steps are critical to reaching the goals of the Paris Agreement, especially Article 7.2, and the Sustainable Development Goals.²

Effective Local-Level Climate Action Requires:

- Flexible programming and long-term investment
- Cross-sectoral and cross-scalar investment and action
- Tailored support to strengthen local governance and institutions
- Decision-making based on robust understanding of local risks and resilience capacities
- Transparency, accountability, and clarity of budget and spending

¹ Global Commission on Adaptation: Adapt Now: A Global Call for Leadership on Climate Resilience https://reliefweb.int/sites/reliefweb.int/files/resources/GlobalCommission_Report_FINAL.pdf

² Article 7.2 of the Paris Agreement states: “Parties recognise that adaptation is a global challenge faced by all with local, subnational, national, regional and international dimensions, and that it is a key component of and makes a contribution to the long-term global response to climate change to protect people, livelihoods and ecosystems, taking into account the urgent and immediate needs of those developing country Parties that are particularly vulnerable to the adverse effects of climate change.”

What's the problem?

Alliance experience working with communities strongly suggests sufficient funding is not reaching local levels. Additional research indicates that this is a widespread problem: an International Institute for Environment and Development (IIED) study found that less than 10 percent of funding committed under international climate funds to help developing countries take action on climate change is directed to the local level.³

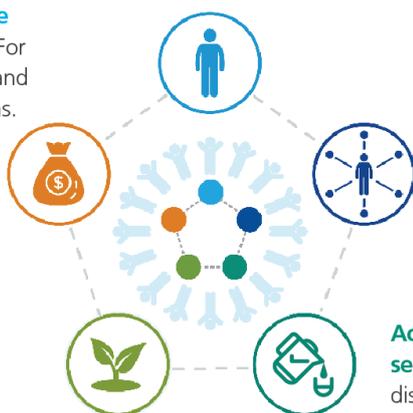
When local financing is available, it is typically allocated to post-event response and recovery or to infrastructure and technical projects, rather than to strategic programmes aimed at addressing underlying vulnerabilities, reducing risk, and building resilience in sustainable ways. An earlier report by Overseas Development Institute (ODI) found that between 1991 and 2010, nearly 87 percent of disaster-related aid spending went to emergency response, reconstruction, and rehabilitation, and only 13 percent towards reducing and managing risks before they turned into disasters.⁴ While humanitarian needs and appeals must be met, greater investment in DRR helps reduce humanitarian needs. Continued lack of local funding for climate change adaptation and risk reduction leaves communities and local authorities unable to take the actions they know are needed to build resilience of the most vulnerable.⁵

Communities have increased knowledge and capacities

regarding flood resilience. For example, they are better able to maintain and use information from early warning systems.

Livelihood security is being increased by protecting livelihood assets and diversifying livelihood practices in the face of a changing climate.

Nature-based solutions like biodykes are being implemented as alternatives to grey infrastructure solutions.



Increased collaboration between local governments, communities, and Alliance organizations is supporting management of compound flood and COVID-19 risk.

Access to water, sanitation and hygiene services are being increased to reduce disease transmission during floods.

Figure 1: Examples of the diverse projects and activities undertaken in communities the Alliance is working with.

³ Soanes, M, Rai, N, Steele, P, Shakya, C and Macgregor, J (2017) Delivering real change: getting international climate finance to the local level. IIED Working Paper. IIED, London. <http://pubs.iied.org/10178IIED>

⁴ Kellett, J. & Caravani, A. 2013, 'Financing DRR: A 20-year story of international aid,' ODI and the Global Facility for Disaster Reduction and Recovery at the World Bank, London/ Washington.

⁵ IFRC (2020) Come Heat or High Water: Tackling the humanitarian impacts of the climate crisis together, World Disasters Report 2020 <https://floodresilience.net/resources/item/world-disasters-report-2020-come-heat-or-high-water>

Box 1: Disaster response spending outweighs risk reduction investment in communities where the Alliance works

The Alliance's approach to building flood resilience is guided by the Flood Resilience Measurement for Communities (FRMC), a holistic framework and associated data collection and analysis tool that promotes systems thinking to understand the resilience context of a community. The Alliance works with communities to use knowledge gained from application of the FRMC to identify critical flood resilience strategies that generate co-benefits across a broad range of issues and areas. This deep analysis of the community as a system, conducted prior to considering how to intervene, is critically different from more traditional approaches, which often conduct minimal analysis and rely on off-the-shelf solutions that do not fully reflect the local context.

The FRMC provides necessary quantitative evidence for identifying resilience gaps and capacities. Between 2018-2020, across the 79 communities and 11 countries where the Alliance has applied the FRMC, we found that while communities have some coverage under disaster response budgets and/or community disaster funds, they have less access to financing or financial incentives for risk reduction projects (Figure 2). This lack of resources for risk reduction is particularly troubling in an increasingly climate vulnerable world, given that estimates show that every dollar invested in flood risk reduction avoids, on average, five dollars in future losses.¹

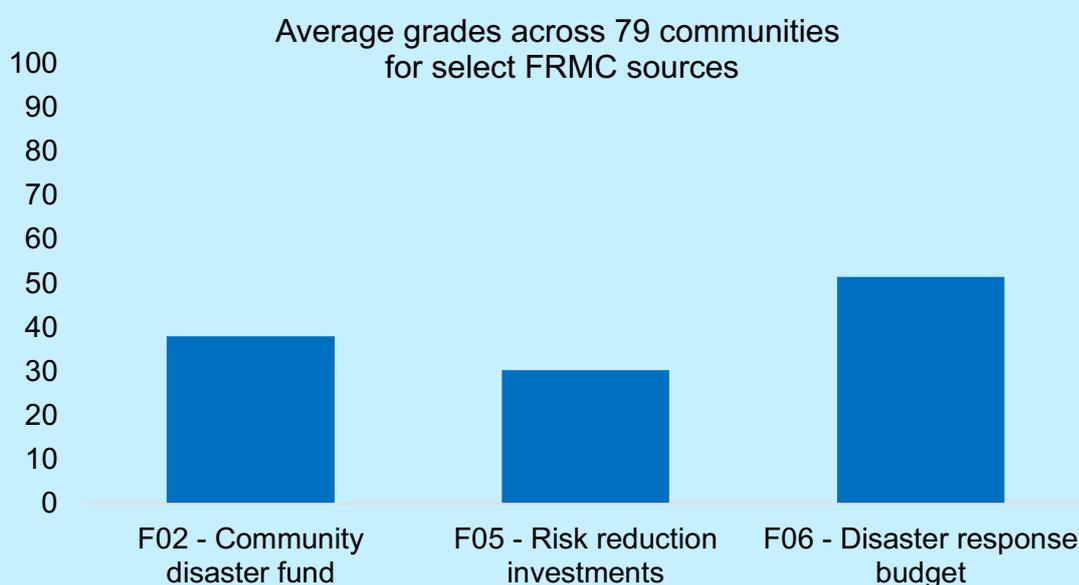


Figure 2: Average FRMC grades for select financial capital sources. Sources are graded on a scale of 0 to 100 with: 0=D (significantly below good standard, potential for imminent loss); 33.3=C (deficiencies, room for visible improvement); 66.6=B (good industry standard, no immediate need for improvement); 100=A (best practice for managing the risk). Source grades are an average across all 79 of the communities the Alliance works in. In the FRMC Tool, 'risk reduction investment' measures whether there is pre-emptive financing available for flood risk reduction projects, either publicly funded or privately funded; 'disaster response budget' measures whether there is a government disaster response budget or another type of financing mechanism that is activated in the event of a flood; and 'community disaster fund' measures whether there is a budget for members in the community to get emergency funding for response and recovery.

¹ Mechler, R. Reviewing estimates of the economic efficiency of disaster risk management: opportunities and limitations of using risk-based cost-benefit analysis. *Nat Hazards* 81, 2121–2147 (2016).

What's the solution?

Based on our experience working with communities globally, and in alignment with the Global Commission for Adaptation's (GCA) Principles for Locally-Led Adaptation Action, the Alliance has identified five key areas of action around which governments, donors, and practitioners must mobilise to address the climate crisis at local levels.

Donor and government funding commitments should be long-term and flexible so local governments and other actors can implement CCA and DRR efforts based on the specific needs of the most vulnerable. Ideally, this will be coupled with adaptive management approaches that require an understanding of local needs before determining activities, and incorporate iterative learning cycles so both successes and challenges inform the next generation of activities.

Engagement should be cross-sectoral and cross-scalar. In particular, engagement is often most effective when it occurs at multiple scales or with multiple sectors at the same time. Engaging at multiple scales simultaneously allows different levels of governance to understand one another's challenges and needs and can aid in directing funding flows. Engaging across sectors supports the systems-thinking needed to develop strategies that consider the complex and dynamic systems on which communities rely.

Bilateral and multilateral donors and national governments should re-design CCA and DRR funding mechanisms to **prioritize strengthening local institutions**, from local government to civil society organizations and networks. Supporting and strengthening local systems that manage and implement funds will enable community involvement in decision-making, including prioritization, design, implementation, monitoring, and evaluation of adaptation and risk reduction efforts.

CCA and DRR activities should be informed by need. Governments and donors should provide funds for comprehensive risk and vulnerability assessments and participatory engagement with communities around the assessments and implications for action. Funding must also support the technical capacity-building local governments and civil society actors need to conduct assessments, translate those assessments into plans, and incorporate planned activities into budgets.

Budgets and spending should be transparent and accountable. This is particularly critical for climate finance, which can be complex and complicated due to the cross-cutting nature of the climate crisis. To meet the demands of the crisis, CCA and DRR must be integrated into all development efforts, which requires transparent, clear, and accessible financial structures.

The GCA Principles for Locally-Led Adaptation Action provide a strong foundation to understand how local climate finance can be increased and prioritised. Below, we dive into tangible recommendations and evidence to help donors, governments, and NGOs support locally-led action and operationalise the principles. Implementing these is critical to ensure whole-of-society efforts like the Race to Resilience are effective in bringing needed resources and support to those most impacted by climate change.⁶

⁶ The Race to Resilience is led by the UNFCCC High-Level Climate Champions and is marshalling a whole of society effort to increase ambition on resilience. See <https://racetozero.unfccc.int/race-to-resilience/>

Best Practices from the Zurich Flood Resilience Alliance

1. Flexible programming and long-term investment in governance

Local governments, communities, and organizations on the frontlines of the climate crisis need consistent access to funds and resources through long-term (at least 7 years), flexible programming. Long-term funds are required to support investment in agile governance and community structures and the supporting human resources needed to cope with future changes. Flexible funding allows for the strengthening of local capacities and the adaptive management necessary to implement strategic adaptation and resilience building solutions that meet local needs in the context of uncertainty and change.

The impacts of flexible and long-term programming

Operationally, the Alliance is supported by a flexible funding structure that prioritizes 'learning before doing'. Alliance partners conduct extensive research and local assessments to develop an in-depth and evidence-informed understanding of community needs and pathways for addressing resilience gaps. Community research informs programmes, which are then adapted based on emerging information and needs in an iterative process.

The Alliance was also intentionally developed, from its outset in 2013, to provide Alliance partner institutions with long-term funds. Alliance partners have used this stability to build their CCA and DRR capacities, improve their abilities to adapt to changing contexts and new risks, and actively learn from their activities. In particular, when approaches fail to achieve the intended outcomes, the Alliance prioritizes learning from those outcomes. This emphasis on learning over time, even from failure, has led to a much more collaborative partnership and has resulted in a greater willingness to experiment, which in turn has resulted in greater innovation and several significant successes.

The Alliance has, to date, had the most success in countries where it has been engaged the longest, namely, Peru, Mexico, and Nepal.⁷ For example, the Mexican Red Cross, leveraging 6 years of Alliance programming, was able to institutionalize its community brigades programme, a key initiative for linking local government with communities to manage disasters, in the Tabasco State Development Plan (2019-2024).⁸ Long-term programming and funding enabled the Mexican Red Cross to build necessary relationships, institutional credibility, and a long-term evidence base of

⁷ The Zurich Flood Resilience Alliance (2019). Foundations for Change: Lessons from Year 1. Colorado, USA: ISET-International. <https://floodresilience.net/resources/item/foundations-for-change-zurich-flood-resilience-alliance-phase-ii-full-report>

⁸ The Zurich Flood Resilience Alliance (2020). Foundations for Change: Lessons from Year 2. Colorado, USA: ISET-International. Pg.16. <https://www.i-s-e-t.org/zfra-ii-lessonfromy2>

resilience gaps and best practices needed to affect policy change. In other countries we engage in, this approach has created space for broader policy change and encouraged sub-national and national government uptake of Alliance good practice in areas like early warning systems and community-based resilience groups. In 2020, communities and local governments further adapted these systems and institutions to help them manage the COVID-19 pandemic.

As a result of these clear successes, the flexible, long-term funding model has become a cornerstone of the Alliance approach. Alliance experience highlights how flexible programming and long-term investment enable:

- Stronger connections with communities.
- Long-term capacity building and strengthening of local institutions and governments.
- Adaptive management based on local needs and iterative learning from successes and failures in implementation.
- Generation of resilience activities that are locally relevant and locally owned.

Recommendations

Donors

Building successful and sustainable resilience takes significant time and investment; development programmes of seven years or more should be the standard, rather than the exception, for supporting long-term change. Donors should support adaptive management to cope with climate vulnerability and change, encourage implementers to leverage missteps as learning opportunities rather than failures, and cultivate open dialogue that allows for course corrections in programmes or strategies.

Governments

National governments need to provide predictable, year-on-year funding for local level governance. DRR and CCA require multi-year efforts and a consistent building of staff capacity and understanding to make meaningful progress. Funding should be provided for hiring and retaining local level government staff to ensure knowledge is embedded in local institutions. Funding should also allow local governments and institutions to conduct research and assessments that consider local needs and contexts before developing and implementing programmes.

2. Cross-sectoral and cross-scalar investment and action

Building natural hazard and climate change resilience requires understanding the multiple risks communities face and developing strategies that strengthen the complex and dynamic systems communities rely on. Consequently, CCA and DRR can only be tackled through measures that extend beyond the domain of engineers and infrastructure experts and instead deliver systemic solutions. While there are various policy processes at the national level to mainstream CCA and DRR into broader resilience and development plans, including National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs) under the Paris Agreement and DRR strategies under the Sendai Framework, these efforts often do not reach local levels, where overstretched local officials do not have clear guidance, capacity, or resources to mainstream CCA and DRR into local plans. National governments, donors, and NGOs need to provide concrete examples and financing to local governments to integrate DRR and CCA components into broader development and response budgets.

Advocating for and coordinating action and investment across sectors and governments

In the UK and Germany, the London School of Economics and Political Science (LSE) is leveraging emerging and ongoing policy processes to ensure both appropriate allocation and use of funds for building resilience. To do this, they are working to align DRR and CCA priorities with broader cross-sector policy issues and providing policymakers with evidence-based recommendations using FRMC data.

For example, in Lowestoft, UK, LSE is partnering with the local government to assess flood resilience levels and identify priority areas for public and private investment. LSE works with local officials to implement the FRMC, in the process bringing together a variety of local stakeholders and creating a better understanding of what drives resilience in Lowestoft. Highlighting underlying vulnerabilities and risks is helping define local government and community resilience priorities. This, in turn, has encouraged several local stakeholders, including Anglian Water and Groundwork Suffolk, to allocate or re-allocate funding for improving flood resilience, and to use that funding to address opportunities and challenges identified through the FRMC process. Even more significantly, the local level government in Lowestoft, which has traditionally relied on engineering solutions, is committed to using the results of the FRMC process and the Triple Resilience Dividend concept to increase investments in more holistic resilience approaches at the local level.⁹

In parallel, LSE together with the local authority of Lowestoft, the East Suffolk Council, provided consultation to the national government in developing a new national Flood and Coastal Erosion Risk Management Strategy, using the flood resilience measurement practice in Lowestoft as a case study. The final UK national strategy for 2020 includes funding and resources across a variety of resilience aspects, including

⁹ The triple dividend approach advocates for conducting development in ways that: (i) avoids and reduces direct and indirect disaster risk and losses, (ii) unlocks economic potential by stimulating economic activity, and (iii) generates development co-benefits by ensuring that investments, where possible, serve multiple uses.

nature-based solutions, property level resilience measures, and sustainable drainage systems, all of which align with Alliance policy recommendations.

LSE's example shows that integrating investment across sectors and scales to build resilience requires:

- Coordination of action and investment across all levels of government, and with other stakeholders involved in adaptation activities, including the private sector, civil society organizations, and donors.
- Analysing and understanding the cross-sectoral co-benefits of climate and disaster resilience activities to help better align CCA and DRR investments with wider development needs at multiple levels.
- Connecting local level policy windows and opportunities with those at the national level to ensure policy priorities and processes are aligned.

Recommendations

Governments

National governments' role in setting policies, priorities, and funding for CCA and DRR requires engagement and consultations with a range of stakeholders, including vulnerable communities. As called for by the Sendai Framework and the Paris Agreement and operationalised through the NDC processes, governments should establish systems and policy guidance that promote multi-stakeholder participation at all levels, to ensure plans and resulting actions reflect the priorities of the most vulnerable while also reflecting national strategies.

Donors

Donors should offer capacity support and technical training, particularly for local governments and CSOs, on how to use their climate change and disaster risk activities and knowledge to inform policy and planning. This should include providing concrete examples to all levels of government about how to integrate DRR and CCA components into broader development and response budgets. Funding from donors should prioritise and support cross-sectoral approaches and processes, where appropriate.

NGOs

NGOs should help local organizations establish and strengthen their connections with donor and government stakeholders. Because NGOs often have established relationships with both government officials and local organizations working on DRR and CCA, NGOs can also advocate for and coordinate joint action and investment. Work on advocacy and influence should align with the local government planning and national strategies, and be supported by strong evidence.

3. Tailored support to strengthen local governance and institutions

“We must strengthen the role of vulnerable groups and local actors in planning processes that affect their own lives. Local communities—whether they are slum dwellers in Lagos, coffee farmers in Guatemala, or coastal communities in Australia—need adequate capacity and resources to help make and implement decisions that affect them.”

- Global Commission on Adaptation¹⁰

To drive long-term resilience and create sustainable, locally-led adaptation and risk reduction, efforts must be planned and led by strong local institutions and governance structures. Building the capacity of local institutions to understand climate risks and uncertainties and to use that information to drive integrated planning, investments, and monitoring is necessary to devise sustainable, locally-led climate and disaster resilience solutions.

Building local capacity to plan, budget, and implement DRR and CCA activities

One of the primary roadblocks seen in communities where the Alliance works is the capacity to translate resilience needs into fully financed, local DRR and CCA action. Both communities and local governments are unable to clearly articulate what funds they need for action and why, and lack awareness regarding existing funding streams and how to access them.

In Nepal, Mercy Corps worked with local governance structures to address this gap. Mercy Corps built the capacity of Community Disaster Management Committees (CDMCs), key local institutions, to: identify risks using specific hazard, vulnerability, and capacity assessments; understand historical disaster data and local knowledge; and implement vulnerability mapping. Mercy Corps worked with local governments to estimate costs for the hazard and vulnerability assessments and integrate those costs into annual and multi-year development plans, thereby ensuring the assessments are updated yearly. Although this was completed at the local level, for coordinated action and investment across all levels, multi-stakeholder platforms that provide space to share risk information and jointly plan and budget are critical to address transboundary issues.

In parallel, Mercy Corps analysed how much was being spent on DRR and CCA activities at the municipal level and estimated additional funds needed for activities. The intent is to use this data to provide concrete examples and budget estimates for local resilience building activities, particularly for integrating DRR and CCA components into broader development budgets such as infrastructure and agriculture.¹¹

¹⁰ Global Commission on Adaptation: Adapt Now: A Global Call for Leadership on Climate Resilience <https://floodresilience.net/resources/item/adapt-now-a-global-call-for-leadership-on-climate-resilience>

¹¹ Budget Governance for Disaster Risk Reduction and Climate Change Adaptation Under Nepal's New Federal System: <https://floodresilience.net/resources/item/budget-governance-for-disaster-risk-reduction-and-climate-change-adaptation-under-nepal-s-new-federal>

Mercy Corps' experience in Nepal shows that strengthening local governance and institutions through tailored support entails:

- Mid- and long-term investment in governance support, including training and guidance for building local governance capacity to identify, prioritize, and address resilience gaps and needs.
- Strengthening local institutions' knowledge of what funding is available, how to access that funding, and who is responsible for that funding.
- Going beyond training on concepts to providing actual tools and budget examples for resilience programming.
- Improving local institutions' financial management skills, including how to successfully plan and allocate based on the needs of communities.
- Investing in multi-stakeholder platforms for sharing learning and enabling planning across administrative boundaries.

Recommendations

Governments

National governments should support local actors, including CSOs, banks, government officials, and community representatives to oversee the design, distribution, and reporting of climate finance, ensuring it meets local priorities and achieves sustainable development appropriate to the local climate context. This includes prioritizing funding for expenses like additional human resources and DRR and CCA training within the sub-national and local levels of government. This can help to mitigate challenges with insufficient investment in DRR and CCA, and can ensure policy making is consultative and strategic. Higher levels of government should also work to create incentives within the bureaucracy to work across sectors and address multidimensional risks (for example, pooled funding across ministries to advance climate smart infrastructure).

Donors

It is imperative that donors ensure climate financing programmes include sustained budget allocation for strengthening governance systems and establishing and maintaining platforms that support increased knowledge sharing and capacity for all levels of government – from local to national.

NGOs

NGOs should work to align programming with existing government initiatives and ensure programme efforts are embedded in existing systems. This includes coordinating with government departments to ensure that NGO-implemented DRR and CCA programmes are replicable and scalable within government budgets so that activities can be sustained within existing systems and existing government resources. NGOs should support local governments and civil society to better understand and navigate governance systems, including budget allocation, that offer opportunities to access DRR and CCA funding.

Box 2: If flood awareness is high, why are communities still devastated by floods?

Across the 79 communities and 11 countries where the Alliance has collected data on flood resilience using the FRMC, Human capital (education, skills, health) is the strongest capital found in communities, while Financial capital (level, variability and diversity of income sources, and access to other financial resources) is the weakest capital (Figure 3).

Within Human Capital, flood awareness - both flood exposure awareness and future flood risk awareness – is particularly strong (Figure 3). Yet, despite high levels of awareness, the communities continue to suffer devastating impacts of floods and other disasters, with more than 50% of the houses in communities flooding every two years and all 79 communities having faced at least one other disaster in the last decade. This data suggests it is critical for governments and other adaptation stakeholders to understand why communities have limited ability to reduce the risk and impact of floods (or other climate related shocks) despite having high levels of awareness of the risks.

Stakeholders should work to analyse the underlying drivers of vulnerability, and develop and fund resilience strategies that leverage existing awareness to create locally-led adaptation and resilience plans and activities.

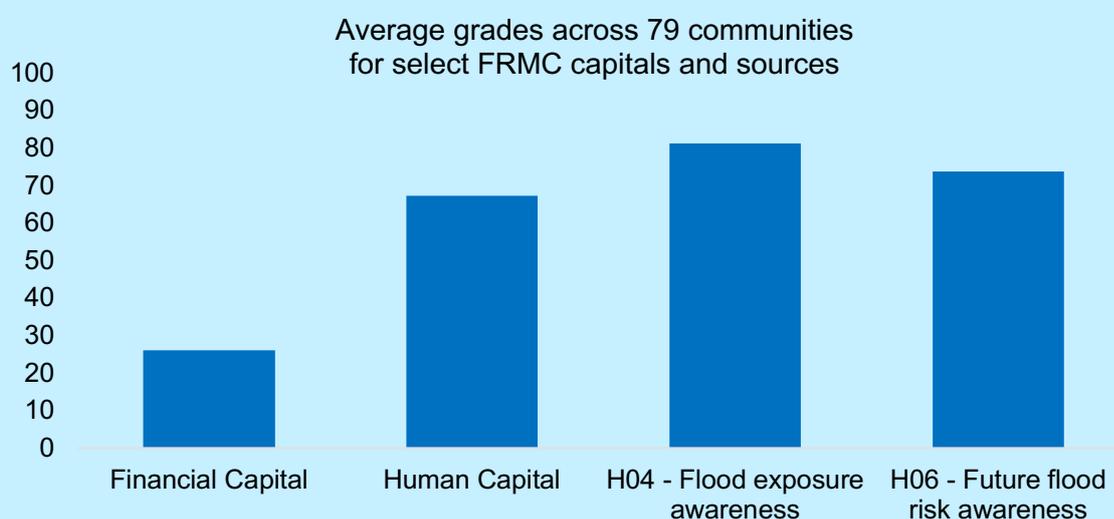


Figure 3: Average FRMC grades for human and financial capital and, within human capital, for 'flood exposure awareness' and 'future flood risk awareness' across the 79 Alliance communities. Sources are graded on a scale of 0 to 100 with: 0=D (significantly below good standard, potential for imminent loss); 33.3=C (deficiencies, room for visible improvement); 66.6=B (good industry standard, no immediate need for improvement); 100=A (best practice for managing the risk). Capital grades are aggregated and averaged across all the sources associated with that Capital. 'Flood exposure awareness', with an average score of 81.5, and 'future flood risk awareness', with an average score of 73.9, are by far the strongest of all the resilience sources across all 79 of the Alliance communities, by nearly a full grade. 'Flood exposure awareness' assesses the community's knowledge about flood exposure, specifically where in the community it is likely to be flooded; 'Future flood risk awareness' assesses the community's awareness that flood risk may change in the future.

4. Robust understanding of local risks and resilience capacities

"With limited resources and larger needs, we are trying to maximize the impact of our work and gradually increase our investment in DRR/CCA. Understanding how much we are allocating each year to this sector, and how investments can align with broader development planning, has been a great learning to invest more in DRR/CCA. The understanding on annual budget allocation has also helped us to measure the progress of the DRR/CCA plans and programmes formulated by the municipality."

- Mr. Karna Bahadur Hamal, Mayor, Krishnapur Municipality, Kanchanpur District, Nepal

Communities globally will only succeed in adapting to and reducing risks related to the devastating impacts of climate change if they understand how to cope with interconnected and compounding risks and have adequate resources to adapt. Based on initial work of Alliance partners, policies for improving local level resilience emerge from governments that understand underlying vulnerabilities and can prioritise funding based on clearly defined local needs.

Using evidence of local risk, vulnerabilities, and resilience gaps to inform locally-led resilience activities and build ownership across levels of government

In Nepal, disaster risk and climate change are not adequately mainstreamed into annual local government plans because local policymakers lack the knowledge and understanding to do so. Resilience and adaptation are considered low priorities; instead, local governments prioritise development, especially infrastructure, even though these gains are often reversed by disasters.

Practical Action Nepal saw an opportunity to inform annual Local Disaster and Climate Resilience Plans (LDCRP) in three municipalities by utilising FRMC data which identifies resilience gaps and needs. The team integrated community needs into local plans by ensuring baseline data collection was aligned with the local government planning calendar. FRMC data was used to facilitate community-based participatory discussions which identified and prioritised the resilience needs of women, men, and minority groups.

Practical Action's strong relationships with local governments were critical in influencing the local government planning process. The team identified community resilience priorities, gained buy-in of community leaders, and then coordinated with higher levels of government, up to the ward-level, to build ownership and inclusion of the locally-led resilience priorities in municipal- and ward-level financial plans and budgets.¹²

Practical Action's work in Nepal shows that building robust understanding of local risks and resilience capacities requires:

¹² The Zurich Flood Resilience Alliance (2020). Foundations for Change: Lessons from Year 2. Colorado, USA: ISET-International. Pg. 18, <https://www.i-s-e-t.org/zfra-ii-lessonfromy2>

- Conducting comprehensive risk and vulnerability assessments that include analysis of natural, social, and economic vulnerabilities to ensure that subsequent efforts are evidence-informed and locally relevant.
- Engaging in participatory processes with communities to identify resilience priorities and needs to generate local ownership and build supportive relationships between communities, local governments, and higher levels of government that promote access, shared knowledge, and collaborative planning.
- Investing in technical capacity, training, and knowledge so local governments understand how to use tools to conduct assessments and translate those assessments into investment for adaptation and risk reduction that is integrated across development activities and budgets.

Recommendations

Governments

National governments need to ensure that local governance structures have both dedicated funding and personnel to support assessments, and the capacity to conduct participatory processes with communities to inform plans and policies. This should include creating a framework and establishing tools for understanding risk and vulnerability through participatory processes with communities. Given that community consultations require substantial time commitments, it is critical for governments to support dedicated personnel who are responsible for DRR and CCA integration and activities.

Donors

Donors committed at the 2016 World Humanitarian Summit to ‘Invest According to Risk’, including by following through with commitments previously enshrined in the Sendai Framework for DRR. Donors should quickly implement these commitments to ensure a systemic approach to risk, and then report their achievements and barriers to reaching these goals at COP 26. Donors can also support national governments by allocating funding to local government structures and officials who are responsible for understanding local risks and developing DRR and CCA activities; donor support should include technical assistance, budget support, and/or capacity building.

NGOs

NGOs should support local governments in collecting qualitative and quantitative evidence of the gaps in financing and resilience capacities, to enable local government and institutions to work with communities in creating evidence-informed plans and budgets. This should also include supporting local governments with strengthened technical capacity, training, and knowledge on how to use tools to conduct assessments that have been endorsed by the national government, as well as how to translate assessments and data into risk-informed investment for adaptation and risk reduction.

5. Transparency, accountability, and clarity of budget and spending

“Ninety-three percent of climate finance is not sufficiently transparent to be tracked to its end use.” – IIED¹³

Supporting local institutional capacity building requires that national governments and donors have transparent and detailed plans for: how they will increase funding for local level authorities, organizations, and communities; how they will ensure institutions can absorb needed adaptation financing; and how those funds will reach the most vulnerable populations.

Using budget analysis and risk assessments to drive local-level climate finance to vulnerable communities

Globally, there is a notable lack of clear information regarding funding available for DRR and CCA, and even less information on what types of DRR and CCA activities are being funded. This makes it difficult to claim more funding is needed, or to argue for the potential benefits of increased funding.

In Nepal, Mercy Corps worked across seven municipalities to address this gap. Mercy Corps analysed budgets to understand the levels and types of investments the government was making that contributed to DRR and CCA. They used that information to develop a guidance document which identified activities across different government departments and budget categories, and tracked cross-sectoral DRR and CCA funding. Through the budget analysis and close collaboration with sub-national and local governments, Mercy Corps, the Nepal Red Cross Society, and Practical Action were able to understand current climate and disaster finance allocations.

Together with the budget analysis, Mercy Corps used comprehensive risk and vulnerability assessments it had completed at ward and community levels to advise government officials of the co-benefits and practical methods of integrating DRR and CCA into wider development planning.¹⁴ These efforts led to a commitment by the province (sub-national government) to allocate 5% of their budget to DRR and CCA, which reflected a longer term strategy that considers DRR and CCA as a critical part of sustainable development.¹⁵

Mercy Corps’ experience underscores the importance of transparency and access to budget allocation and expenditure data to better understand climate finance flows, and how access to budget information can allow for advocacy at local, sub-national, and national levels for increased and mainstreamed climate funds for vulnerable communities. In particular:

¹³ Climate finance not reaching the local level: <https://www.iied.org/climate-finance-not-reaching-local-level>

¹⁴ Note: co-benefits of DRR and CCA were determined after budget analysis and consultations with municipal officers. A guidance document was created on how to identify and classify budgets of different sectors that have DRR and CCA co-benefits.

¹⁵ Key Learnings and Recommendations for creating Local Disaster and Climate Resilience Plans: <https://floodresilience.net/resources/item/key-learnings-and-recommendations-for-creating-local-disaster-and-climate-resilience-plans>

- Financial allocation and funding flows should be made transparent, so that local governments, civil society, and communities can track funding flows to the local level.
- Institutionalizing funding into systems and policies must include clarifying who is responsible for CCA and DRR and who should be held accountable for the allocation of funds.
- Through budget analysis, consultation with government stakeholders across sectors, and strengthened coordination between levels of government, local actors can better understand how much investment has been made in their administrative boundaries for resilience activities, and whether investments are meeting the needs, based on local risks and vulnerabilities.

Recommendations

Governments

National and regional governments should support local governments with funding for CCA and DRR and in the drafting of policies. National and regional government financing structures should be transparent and clear, and available to the public.

Governments / Donors / NGOs

Governance arrangements and adaptation funding allocations must be transparent, publicly accessible, and clear. Governments, donors, and NGOs should invest in community-led accountability mechanisms that have oversight of climate adaptation funding and can work with all levels of government to ensure finance is meeting the needs of those most vulnerable to the impacts of climate change and disasters.



Women farmers learn how to grow stronger, heartier crops to address climate change-intensified droughts. Terara, Lombok, Indonesia. @ Ezra Millstein, Mercy Corps

For more information:
Email info@floodresilience.net
Visit www.floodresilience.net/FRMC
Follow [@floodalliance](https://twitter.com/floodalliance) on social media