



Climate
Resilience
Alliance



EXECUTIVE SUMMARY

June 2026

Pathways to locally led adaptation

Lessons for effective climate resilience finance

Executive summary



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About this report

This report was written by Salomé Lehtman and Sally Tyldesley and includes contributions and inputs from Moshir Rahman and Shahnawaz Whara from Concern Bangladesh, Shofiqul Islam from Gana Unnayan Kendra Bangladesh, Tamanna Rahman, Palash Sarker and Nishat Tasnim of Practical Action Bangladesh, Monica Cuba, Leon Lizon, Gabriela Terán of Practical Action Bolivia, Arif Gandapurnama and Denia Aulia Syam of Mercy Corps Indonesia, Shorouq Abu Razzouq, Nour Darwazeh and Ahmad Jaber of Mercy Corps Jordan, Lilian Amondi Abuoro and Euniah Miruka of Concern Kenya, Paul Carr, Misheck Chirwa and Twapashagha Twea of Concern Malawi, Nabin Joshi and Sanjit Shrestha of Mercy Corps Nepal, Suman Chapagain and Bikram Rana of Practical Action Nepal, Tunde Aremu, Oluwatomiwa Matthew Ande and Nasiru Mustapha of Plan International Nigeria, Mia Grace Ligutan of the Philippines Red Cross and Canh Toan Vu of ISET International.

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The Zurich Climate Resilience Alliance is a collaboration between humanitarian, NGO, research and private sector partners, working to build resilience to climate hazards in rural and urban contexts.

Formerly the Zurich Flood Resilience Alliance, we have over a decade of experience in generating evidence of communities' current levels of climate resilience and identifying appropriate solutions.

Through long-term community programmes, new research and stakeholder influencing, we strive to deliver systemic change at scale and realize our vision of a world in which communities are more resilient to climate hazards, and able to thrive.

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Executive summary

Around the world, communities are taking action to protect lives and livelihoods from floods, droughts, heatwaves and storms. However, as these events increase in both frequency and intensity, it is clear that the pace of adaptation is insufficient. Public finance structures that shape everyday climate change adaptation (CCA) and disaster risk reduction (DRR) remain constrained, fragmented, and too often disconnected from the people most exposed to climate hazards.

Climate resilience cannot be built from the top down. The work of the Zurich Climate Resilience Alliance (the Alliance) shows that when communities have the authority, resources, and support to act, adaptation is more sustainable and deeply rooted in their priorities. Despite the growing momentum on the principles for locally led adaptation (IIED, 2026), their full implementation remains the exception rather than the norm. Funding for locally led adaptation is constrained and decision-making is often centralized.

The report distils what the Alliance has learned through working directly within planning and budgeting processes in 10 countries: Bangladesh, Bolivia, Indonesia, Jordan, Kenya, Malawi, Nepal, Nigeria, the Philippines, and Vietnam. It shows how locally led adaptation can be institutionalized when community priorities, evidence-based planning, and public finance are aligned. Across diverse contexts, three pathways have consistently emerged, providing a practical view of how efforts to strengthen public finance and policy for locally led adaptation unfold in real settings:

- securing dedicated local budget allocations for CCA and DRR;
- grounding policy, planning and regulatory influence in evidence from communities;
- and strengthening participatory processes that give local actors, including marginalized groups, meaningful influence over decisions and resource allocation.

To help advance the shift towards locally led adaptation, this report brings together practical learning on how local governments, communities and intermediaries¹ can strengthen climate risk knowledge, shape investment decisions, and influence local public finance systems to invest in those interventions that most effectively strengthen the resilience of communities.

The case studies demonstrate not only what is achievable, but how it can be achieved within existing governance systems. They set out the actions taken, the results that followed, and the specific, practical lessons that can be applied elsewhere. They also reveal common barriers: structural fiscal constraints; short political cycles; and limited capacity – and ways in which they can be overcome. Evidence from the case studies shows that when public finance systems apply locally led adaptation principles in practice – such as targeted devolved allocations, inclusive planning, and transparency and accountability mechanisms – adaptation investments are more likely to reach those most at risk.

Above all, these case studies aim to support shared learning. They are not intended to showcase individual projects, but to help others understand how public finance and planning systems can become more climate-smart, risk-informed and responsive to local priorities.

From this wealth of learning, the report identifies a set of cross-cutting, practical approaches to operationalize and strengthen locally led adaptation, and an actionable set of recommendations for other intermediaries, donors and funders, and governments at national and local level.

¹ Within the international climate finance system, common intermediaries include: multilateral institutions and development banks, government-led funds or national intermediaries, civil society organizations, public foundations and funds.

Financing locally led adaptation: interconnected pathways



Pathway 1

Securing dedicated budget allocations at the local level for adaptation and disaster risk reduction



Pathway 2

Ensuring policy, planning and regulations are grounded in community evidence and priorities



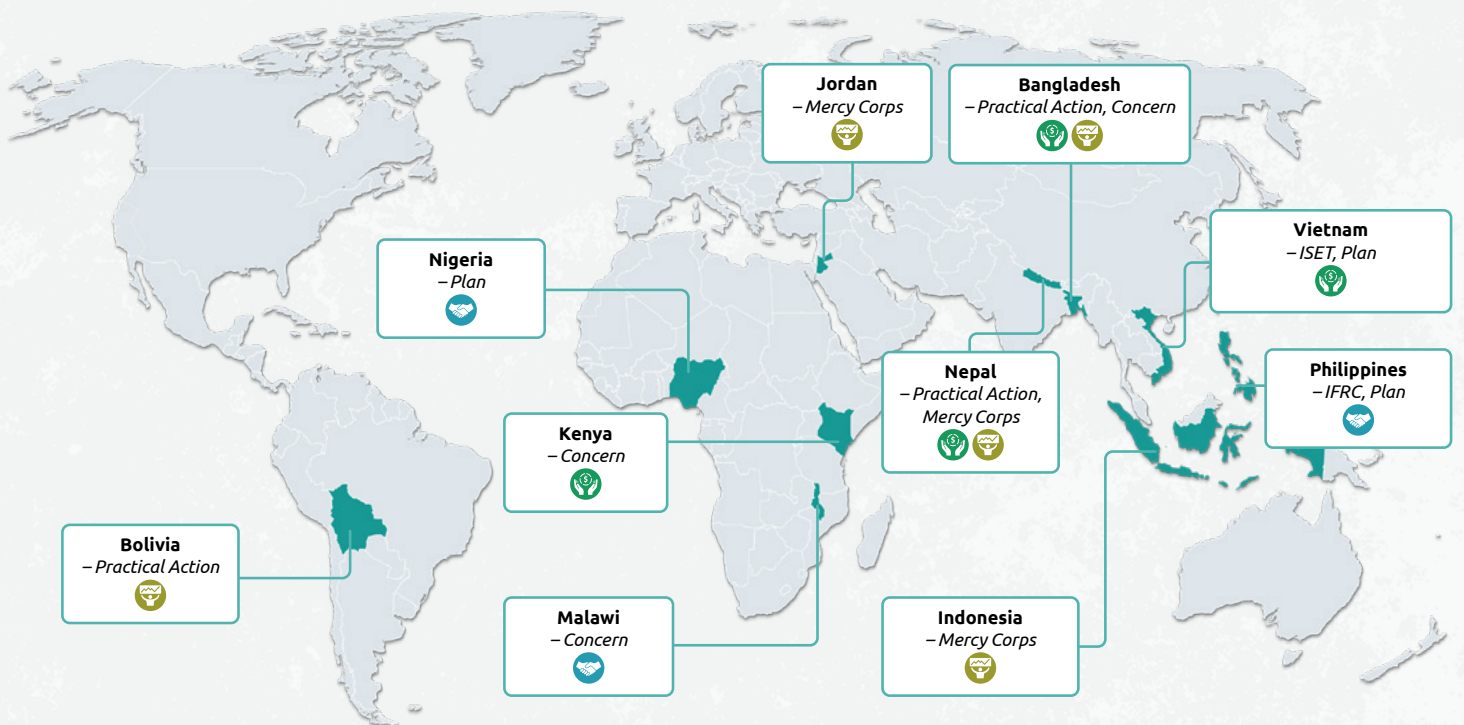
Pathway 3

Strengthening community ownership and leadership in decisions and financing



Community resilience strengthened through effective, sustainable locally led adaptation

Featured case studies



What works: Priority approaches for embedding locally led adaptation within public governance systems

✓ Strengthen opportunities for inclusive consultation

Strengthen participatory processes so they are genuinely meaningful, not just a tick-box exercise. By creating and improving ways for community members and marginalized groups to engage directly with decision makers, budgets and systems are more likely to reflect their real needs. This has been a core feature in all the Alliance's work, bringing together community representatives, local leaders, government officials, and members of vulnerable groups, creating a channel for community evidence to inform planning and budgeting decisions. This might be through training and supporting community advocacy champions (Jordan and Kenya), or establishing new formal platforms for engagement (Jordan and Nigeria), disaster risk management committees (Philippines), or communities of practice (Vietnam).

TAKEAWAY: Strengthening channels for sustained engagement between all stakeholders improves relationships, builds broader support for climate actions prioritized by communities, and enhances decision-making.

✓ Providing detailed, bottom-up evidence on resilience gaps at the right time

Working with communities to develop detailed, specific, locally generated evidence on resilience capacities and gaps, through the Climate Resilience Measurement for Communities (CRMC),² has provided a crucial underpinning to all the Alliance's work. Through validation workshops, it is the communities who identify and prioritize the interventions they need to strengthen their resilience. This is a powerful tool to drive support for the communities' priorities. It is particularly influential when it is timed to moments when budgets and priorities are being set (Nepal) or to feed into participatory planning forums (Indonesia). Across contexts, evidence alone did not shift decisions, unless aligned with formal planning processes.

TAKEAWAY: Evidence must be synchronized with decision-making cycles to inform public spending.

✓ Pair technical evidence with political engagement

Successful influencing combines credible technical evidence with sustained engagement with decision makers. All the case studies have a strong political focus, working with decision makers and stakeholders to understand constraints, incentives, and evidence needs, and developing and sharing evidence and analysis that make a stronger case for change. This included working with parliamentarians and provincial leaders (Nepal, Indonesia, and Kenya) and Indigenous authorities and municipalities (Bolivia), developing costed plans which makes action easier for local governments (Bangladesh), and highlighting the cumulative economic costs of climate impacts, reframing DRR as an investment to protect municipal assets (Jordan).

TAKEAWAY: Technical evidence builds the case; political relationships and champions unlock change.

² Further information on the CRMC can be found here: <https://zcralliance.org/crmc/>



Flooding in Can Tho city, Vietnam, September 2025. Photo: ISET-International

✓ Embed CCA and DRR in public budgets

Durable change occurred when communities' resilience priorities were embedded within existing public finance systems. These shifts moved resilience from project-based activities to recognized public responsibilities. This has been a central feature of much of the Alliance's work, including working with authorities to establish and increase DRR budget lines (Bangladesh, Jordan, Kenya and Nepal), and embedding recurrent costs for DRR in budgets (Vietnam).

TAKEAWAY: Embedding CCA and DRR within local budgets, combined with strong participatory processes, strengthens community ownership and sustainability of resilience interventions.

✓ Demonstrate feasibility to take to scale

Pilots that showed tangible benefits helped build confidence among public authorities to scale up the work and to leverage longer-term public funding for key interventions. Institutionalizing resilience within local budgets can transform pilots into policy. In some places, specific adaptation solutions were proven and scaled by local authorities, with local public budgets taking on the cost (Indonesia and Vietnam). Elsewhere, teams worked closely with municipal governments, institutionalizing the work to enable scaling to other municipalities (Jordan and Philippines).

TAKEAWAY: Visible results shift perceptions of resilience from 'project activity' to scalable 'public investment'.

✓ Build understanding of the budget processes and strengthen local governance capacity

Budgeting and budget processes are not always straightforward or easy to engage with. Meaningful participation of communities in finance processes requires strengthening their understanding of how those systems work, important entry points, and appropriate inputs. Equally, with government capacity often stretched thin, there is room to strengthen the capacity of government officials. All case studies have involved capacity strengthening in some form, including training in financial management to manage funds transparently (Malawi), financial literacy (Indonesia), budget analysis and expenditure tracking (Nigeria and Nepal), and strengthening resilience committees (Bangladesh and Philippines).

TAKEAWAY: Capacity strengthening is not an add on; it is foundational for communities to influence public finance.

✓ Improve fiscal transparency and accountability

Increasing budget allocations for CCA and DRR is only the first step. It must be paired with strengthening expenditure and transparent financial reporting in order to build trust, enable informed advocacy and maintain momentum for further investment. This has involved improving documentation and transparency (Kenya) and budget tracking (Bangladesh and Nepal).

TAKEAWAY: Increasing allocations often requires parallel improvements in accountability and expenditure tracking.

✓ Collaborative models can encourage co-financing

When communities, local government and grant-funded programmes share responsibility for interventions, it builds momentum, increases the likelihood of sustained action, and can result in additional financial investments. This might be through allocating responsibilities for financing and delivery between local authorities, communities and the Alliance (Philippines), or in developing financing arrangements that combine community contributions, municipal counterpart funds, Indigenous territorial budgets and Alliance funding (Bolivia).

TAKEAWAY: When collaboration, ownership, and shared responsibility are in place, the funding can follow.



A farmer works in his paddy field in the extreme heat of Madanpur, Nepal. Photo: Mercy Corps

Policy recommendations

Based on the lessons identified in the Alliance's country case studies, the recommendations below set out key actions to support locally led climate adaptation:

Local governments should:

- **create or expand dedicated DRR budget lines** to fund prevention and preparedness, not only response;
- **integrate climate resilience into local development and annual investment plans**, ensuring budgets reflect community identified risks and priorities;
- **institutionalize meaningful community participation** through formal planning and budgeting mechanisms with guaranteed representation of marginalized groups, including women, children and young people, displaced people, Indigenous Peoples, and people with disabilities;
- **improve fiscal transparency and accountability** by adopting strong financial reporting and expenditure tracking systems for CCA and DRR; and
- **use community generated evidence, such as participatory risk assessments, to guide budget decisions.**

National governments should:

- **equip local governments with the authority, technical support, and predictable funding** needed to fulfil their CCA and DRR responsibilities, especially in high risk or under resourced areas;
- **embed locally led adaptation across government systems** by issuing national guidelines for inclusive planning and budgeting, including standards for participation, disaggregated data, accessibility, child and youth engagement, and accountability to marginalized groups;
- **create dedicated local budget allocations within DRR funding lines** to ensure resources reach the subnational level;
- **require subnational plans to demonstrate devolved decision-making, flexible programming, clear budget flows, and downward accountability** where this aligns with the governance structure; and
- **strengthen the connection between national climate finance and local implementation** so that resources from climate funds and national budgets can reliably reach local institutions and community priorities.

Intermediaries should:

- **work with and strengthen existing governance systems** so that institutions, processes, and capacities endure beyond individual projects;
- **align community generated evidence with local policy and budget cycles** to ensure it can influence real decisions;
- **invest in local capacities and organizations to strengthen the leadership of communities and local actors over time.** This includes bringing communities, local actors, and institutions together, especially for engaging in policy and budget processes, while adopting trust-based approaches that shift power and resources to communities;

- **ensure the meaningful inclusion of marginalized groups** including children, young people, women and girls, people with disabilities, Indigenous Peoples, and displaced populations;
- **translate technical evidence into accessible advocacy messages and practical budget proposals** that local governments can use in planning and negotiations;
- **support community led accountability**, helping people track funding commitments, spending, and whether investments benefit those most at risk from climate impacts.

Donors and international funders should:

- **increase both the quality and quantity of adaptation finance**, moving rapidly toward the commitment to at least triple funding for adaptation;
- **invest in long term programmes** that allow for trust building, capacity strengthening, local planning, and institutional change, rather than short project cycles;
- **invest in local organizations and local capacities**, to enable local financial management and planning, including investing in local organizational development and structures, budget literacy, community organizing, participatory risk assessments, local advocacy, public finance tracking, and community-led monitoring;
- **put locally led adaptation principles at the core of programme design**, including flexibility, so actions are designed and implemented by and for communities, based on community needs and priorities;
- **prioritize direct access mechanisms** that channel resources to subnational governments and local organizations. Simplify application processes, widen eligibility criteria, restructure due diligence and focus on accessible communications to enable this; and
- **formally endorse and implement the principles for locally led adaptation.**

Taken together, the insights in this report highlight what locally led adaptation can look like in practice, and how it can be advanced within the constraints of real public finance systems. The sections that follow translate the Alliance's experience into practical guidance for navigating political cycles, budget pressures, and institutional barriers. They outline what is possible when community priorities, evidence, and governance processes align, and they offer a grounded sense of how progress can be achieved even in challenging contexts. Ultimately, the report provides a direction of travel for more strategic investment, more effective collaboration, and a more sustained shift toward locally led adaptation.



A resident of the Santa Inés area of Lima, Peru participates in the Climate Resilience Measurement for Communities (CRMC) process. Photo: Practical Action

Influencing local climate and disaster risk finance in Nepal

NEPAL



Mercy Corps Nepal and Practical Action Nepal



Climate risks

Nepal is among the countries most vulnerable to climate-related hazards (Germanwatch, 2026). In the southern Terai region, home to over half the population, floods recur annually. Heatwaves, cold waves, and drought are becoming more frequent and severe. These events disrupt livelihoods, damage infrastructure, and strain public services, placing growing pressure on local governments and communities.



Farmers in Terai are working in the evening to avoid the dangers of daytime heat. Photo: Mercy Corps

Policy context

Nepal has taken important steps to strengthen its climate and disaster governance. The Disaster Risk Reduction and Management Act (2017), federal reforms, and national policies have created clearer mandates for action at provincial and local levels, signalling strong national commitment to resilience. However, turning this commitment into predictable, locally responsive investment remains difficult. Funding for CCA and DRR is often limited or focused on post-disaster reconstruction rather than prevention (Mercy Corps Nepal, 2025).



Pathway 1: Securing dedicated budget allocations at the local level for adaptation and disaster risk reduction

Mercy Corps carried out multi-year budget tracking across provincial and municipal governments. This showed that investment in CCA and DRR fell far below the national guideline of 5 per cent of annual budgets. In many places, spending remained under 2 per cent and was heavily weighted towards post-disaster reconstruction rather than prevention.

These findings were distilled into clear policy messages and shared through sustained engagement with decision makers. Mercy Corps held technical workshops, facilitated dialogues with senior officials and elected representatives, and worked closely with political champions who helped elevate the issue within provincial forums.

Results

This combination of credible evidence and strategic engagement contributed to a notable shift. Madhesh Province and five municipalities within it issued written commitments to allocate 5 per cent of sectoral budgets to CCA and DRR in FY2025/26, reinforced by a directive from the Office of the Chief Minister of Madhesh instructing ministries to allocate the required resources.

The approach has since been replicated by Oxfam Nepal in additional municipalities, broadening the national evidence base and strengthening the demand for more predictable CCA and DRR financing.



Pathway 2: Ensuring policy, planning and regulations are grounded in community evidence and priorities

Practical Action focused on improving how locally generated evidence informs municipal planning and budgeting. The CRMC assessment was conducted in 57 communities across 13 municipalities, generating detailed evidence on local climate risks and vulnerabilities. These findings were validated with communities and presented to local governments ahead of the annual 'Red Book'³ planning cycle, timing that proved essential for informing priorities.

Results

By engaging with the process at the right moment, CRMC evidence shaped discussions on a range of resilience interventions, from nature-based flood protection measures to heat adaptation measures and strengthened ward-level disaster management structures. This helped align municipal development plans more closely with community-identified needs.

The approach also contributed to tangible fiscal shifts. In 2024, all the municipalities in the programme's working areas increased their CCA and DRR budgets by 10 per cent to 15 per cent, and several began co-financing interventions such as bio-dykes, safe shelters, and heat-repellent paint for schools. These investments demonstrate a gradual move from externally supported pilots to shared public financing for resilience.

"Resilience financing begins when community voices shape public priorities. Through strengthened advocacy platforms and empowered community champions, the project has helped translate local demands into formal planning processes, with nearly half of the submitted priorities reflected in local government Red Books."

Gobind Narayan Upadhyay, Knowledge, Monitoring, Evaluation & Learning Officer, Nepal National Social Welfare Association

Lessons at a glance

- ➔ **Evidence can inform decisions when timed well:** Both budget tracking and CRMC assessments were impactful because they were aligned with formal planning and budgeting cycles.
- ➔ **Clear, accessible analysis helps shift political priorities:** Translating complex budget data into simple, actionable messages made it easier for provincial and municipal leaders to recognize underinvestment and commit to change.
- ➔ **Local evidence strengthens budget decisions:** When communities are better able to engage with and inform planning systems, finance decisions can become more responsive to local risks and needs.
- ➔ **Sustained engagement drives policy shifts:** Workshops, dialogues, and relationships with political champions were essential for turning evidence into written commitments and increased allocations.
- ➔ **Replication amplifies impact:** When other organizations adopt shared methodologies, the collective evidence base grows, helping to inform budget decisions and reduce financing gaps.

³ The Red Book is the official detailed budget document published annually by Nepal's Ministry of Finance. It contains comprehensive expenditure estimates for the upcoming fiscal year across all ministries. It also includes budget summaries and annexes on gender-responsive and strategic sectoral allocations.

Further case studies are available in the full report – scan the QR code





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Front cover image: Fatuma stands next to a new bridge near her village, built by the local government after members of her community advocated for change. Photo: Concern Worldwide

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