



## Report

# Addressing humanitarian needs and famine risk: the role of climate adaptation finance

Monday 17 – Wednesday 19 July 2023 | WP3237



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In association with the UK Foreign, Commonwealth and Development Office  
(FCDO)

## Background

As accelerating climate impacts overlay and exacerbate existing fragilities and conflict, they increase humanitarian needs and worsen food crises. In 2021, the number of countries experiencing protracted crisis stood at 36, with 25 of those countries classified as having high or very high climate vulnerability. With risks cascading and interacting, the growing humanitarian needs in those countries are overloading an already stretched humanitarian system. Smart, predictable and accessible climate finance can play a key role in helping such countries adapt to climate change and build resilience to future climate shocks, thereby reducing humanitarian caseloads.

The FCDO, in conjunction with Wilton Park, hosted an event on the role of International Climate Adaptation Finance in addressing the underlying climate-related drivers of humanitarian need. Bringing together stakeholders from the humanitarian, development and climate fields, and drawing on the experience and evidence from countries such as Somalia and Niger – both of which were represented at Ministerial level - the event discussed opportunities and solutions to improve access to climate adaptation finance for countries with high humanitarian needs including fragile and conflict-affected states (FCAS). The event also identified actions to be considered by participating stakeholders to support greater access to climate finance in humanitarian contexts in the lead up to COP28.

## Key points

- There is currently a clear pattern of misalignment between climate finance needs and allocations. In particular, countries with high levels of humanitarian needs including those categorised as FCAS are being left behind, they are amongst the most underserved by climate finance. Within FCAS, populations in areas outside government reach or control are at high risk of being left behind by resilience and adaptation interventions.

- Although countries with high humanitarian needs including FCAS can access humanitarian and development finance from bilateral channels, they are in many cases deemed high risk for provision of climate finance. Evidence suggests that there has been a step change in the recent response of donors, who are also climate finance providers, to the growing humanitarian crises in some countries that are experiencing complex, multifaceted crises. However, climate finance providers have not embraced similar responses in supporting climate adaptation and resilience although climate change is a major factor fuelling skyrocketing humanitarian needs in many countries affected by crises..
- Strict policy guidelines, although often well intended, and a low risk appetite can get in the way of the much needed, urgent and rapid scaling up of finance for people-centred climate action in countries with high levels of humanitarian needs.
- The terms climate finance, vulnerability, and humanitarian needs are multifaceted concepts. Therefore, discussions on the barriers that countries with high humanitarian needs including FCAS face in accessing climate finance and informing better responses necessitates a nuanced dialogue.
- Increased access to climate finance will not in itself lead to greater adaptation to climate change and resilience to future shocks. Addressing long-term climate risks that generate recurrent humanitarian needs necessitates partnerships among climate, development, disaster risk management, humanitarian and peacebuilding actors on the ground; a whole-of-government approach, leadership and capacity across all levels of actors in countries with high humanitarian needs including FCAS; localised solutions; and channelling finance to communities most vulnerable to climate shocks.

## Overview of discussions

1. The discussions at the conference were underpinned by the following guiding questions:
  - How can access to climate adaptation finance for fragile and conflict-affected states with high levels of humanitarian need be improved, noting the challenges and low levels of access currently?
  - How can the capacity of actors in those states, including national governments and local actors, be built to better leverage and make the most effective use of climate finance to improve their resilience and ability to cope with humanitarian impacts, including food insecurity, and to address the long-term climate risks that generate recurrent humanitarian need?
  - How can global climate and humanitarian stakeholders collaborate to reform the climate finance architecture to ensure that proportionate levels of climate funding flow to the most vulnerable states?
2. Participants noted that there is a clear pattern of misalignment between climate finance needs and allocations, with countries categorised as FCAS being left behind. FCAS receive less climate finance than other countries. Between 2014-2021, finance from vertical climate funds (VCFs)<sup>1</sup> amounted to \$161 per capita in non-fragile states, compared to just \$2.1 per capita and \$10.8 per capita in 56 extremely fragile and fragile states respectively. They stressed that within FCAS, populations in areas outside government reach or control are at high risk of being left behind by resilience and adaptation interventions.

<sup>1</sup> Vertical Climate Funds refers to the climate funds created under the United Nations Framework Convention on Climate Change.

3. It was emphasized that discussions on barriers that countries with high humanitarian needs including FCAS face in accessing climate finance and informing better responses necessitates a nuanced dialogue. Climate finance is a multifaceted concept and involves a multitude of financing providers. Access requirements for climate finance vary greatly across these providers. Importantly, some actors are restricted by their mandates in supporting responses to humanitarian crises, although they can provide funding to prevent such crises. At the same time, the term FCAS describes situations of crisis induced by a variety of factors. It is particularly important to understand that fragile contexts and conflict-affected contexts are different and that tailored approaches are needed for these contexts.

### **Barriers to advancing climate action in countries with high levels of humanitarian need**

4. Participants discussed that three critical factors limit the potential for adequate climate action in countries with high levels of humanitarian needs. These pertain to the adequacy, availability and affordability of finance:
  - **Adequacy:** Although the global climate finance architecture is required to ensure a balance between finance for mitigation and adaptation, adaptation funding is still trailing behind.
  - **Availability:** When adaptation funding is forthcoming, its availability is limited by challenges of rigid access requirements, and its value can be affected by speed and predictability.
  - **Affordability:** When finance is available, it often takes the form of loans, adding to the growing debt vulnerability of these countries. This is particularly problematic for adaptation interventions that are much less straightforward to monetise. In any case, the growing frequency and persistence of climate-related disasters are costing these countries dearly, with a growing risk of climate-related disasters leading to debt crises.
5. Participants referred to experiences of countries with high humanitarian needs including FCAS to discuss the challenges of accessing finance from Vertical Climate Funds (VCFs). The challenges include burdensome access and accreditation requirements and programmatic modalities as well as the differing accreditation criteria across VCFs. In the absence of direct access via national institutions to VCFs, finance from VCFs is almost entirely channelled through multilateral organisations or (international) partners who tend to charge a substantial management fee for projects. Participants noted that VCFs have worked to address access problems, including through a readiness programme to build capacity, project-specific accreditation, and a simplified approval process. Yet considerable obstacles persist for countries with high humanitarian needs including FCAS. For example, some countries have not been able to access readiness support because of their dependence on multilateral organisations or their own capacity gaps. Even where those countries have secured direct access to VCFs through national institutions, they struggle to submit a proposal due to gaps in project development capacity and expertise.

6. It was pointed out that access to climate finance is also limited by the global climate governance and climate finance architecture. Organisations within this architecture are committed to provide preferential treatment for access to climate finance for countries that are most vulnerable to the impacts of climate change. However, countries with high humanitarian needs including FCAS (or other related classifications of fragile and conflict affected countries) are not recognised as a distinct group of climate-vulnerable countries under the UNFCCC. That contrasts with the accepted categories of Least developed countries (LDCs) and Small Island Developing States (SIDS). Although there is overlap between these country groupings and countries with high humanitarian needs including FCAS, and VCFs have already given special attention and priority to LDCs and SIDS, they are constrained from providing preferential access to countries with high humanitarian needs including FCAS. It was noted that global climate finance institutions also prioritise government channels that may not be effective or efficient, particularly in the context of FCAS, and may result in the exclusion of certain vulnerable populations. Participants were concerned that local communities and civil society organisations have virtually no avenues to directly access sources of climate finance.
7. There was much discussion on the risk appetite of climate finance providers with there being broad agreement that providers display relatively low risk tolerance. The providers are inclined to invest in relatively safer and stable areas within countries with high humanitarian needs including FCAS, and not necessarily in the locations most vulnerable to climate change. Some finance providers, such as VCFs, can take bigger risks but often lack the capacity to identify and address conflict-related risks. There was concern that this can leave groups that are outside of government reach but most vulnerable to climate change behind.
8. Some participants noted that there are genuine challenges of working in FCAS where there is often a lack of established and decentralised mechanisms to reach climate-vulnerable communities, especially when they are situated in conflict areas outside of government control. In some contexts, there is underlying tension with government systems because national governments are party to conflict. As a result, finance providers have to work outside of government systems to avoid interfering with the dynamics of the conflict.
9. The role of a strong and predictable enabling environment featured strongly in some discussions. It was pointed out that enabling environment goes beyond robust and convincing development and climate policies and long-term strategies, including the Nationally Determined Contributions (NDC) and National Adaptation Plan (NAP). Such strategies are necessary but not sufficient to mobilise climate finance. These policies and strategies need to be translated into projects that must also consider locally led approaches. There are also disconnects within policies on climate, humanitarian and peacebuilding issues, which constrains finance with multiple objectives. Some participants were of the view that strict policy guidelines, although often well intended, can get in the way of the much needed, urgent and rapid scaling up of finance for people-centred climate action in countries with high levels of humanitarian needs.
10. The discussions on enabling environment highlighted the need for a national mechanism for coordination of activities and actors, including government ministries and agencies, international and domestic stakeholders, to respond to climate change. Participants pointed out that these structures tend to be underdeveloped or entirely absent in some countries, with the result that adaptation interventions are often not in line with national development planning and strategies at the macro level or delivery bypasses national structures. Participants heard that the absence of national co-ordination structures are leading to duplication in designing projects which are ultimately turned down by climate finance providers.

11. Some participants stressed that it was important to look beyond barriers to accessing finance and towards the effective use of finance. It was pointed out that even where countries have been able to mobilise finance, there are questions over whether this finance is delivering real and lasting benefits. Examples were cited to demonstrate that spending is not always effectively relevant to climate action. Reference was made to the current project-by-project model of climate finance that generally supports individual solutions and small projects in individual sectors. While this does bring benefits, such an approach also limits the expected transformative outcomes. It was pointed out that a programmatic approach that targets a range of solutions linked to country-led plans would deliver far greater collective impact.
12. Participants also heard how climate resilience can take many different forms and varies over time in countries with high humanitarian needs including FCAS both because local adaptation or resilience interventions face hard limits in terms of people's capacity to absorb and adapt to shocks and because climate change is likely to render today's responses ineffective in the medium to long term. Discussions in the group work sessions highlighted that part of this problem is the absence of common metrics for defining and measuring outcomes from adaptation projects. The benefits from mitigation actions are quantifiable by way of tonnes of emissions avoided, in CO<sub>2</sub>e, but there is no easy parallel for adaptation.
13. There was concern that in the absence of climate finance at the scale and speed needed by countries with high humanitarian needs including FCAS, it is falling on humanitarian actors that are present in many of these contexts to implement programmes that address immediate needs while building resilience. However, the majority of these interventions tend to support absorptive resilience building. Moreover, these interventions don't sufficiently account for future risks. Humanitarian actors can be limited by their mandate and expertise to provide transformative resilience building at the increasing scale and pace required in the context of longer-term climate risks. Participants heard how humanitarian response faces the same barriers as climate action and risk thresholds are questionable even in the humanitarian sector.

## **A roadmap for system-level change**

14. Having identified the barriers to advancing climate action in countries with high levels of humanitarian need, participants worked in groups to identify solutions to bridge the barriers. A key feature of these discussions was how different stakeholders can work together to respond to current climate impacts while building resilience and adapting to the future. The solutions can be grouped under four themes:
  - Potential reforms to climate finance architecture to improve access
  - Role of different actors in delivering resilience and adaptation in humanitarian contexts to address climate-induced food insecurity
  - Enhanced collaboration between climate and humanitarian finance providers
  - Country platforms as a tool to leverage climate finance

### ***Potential reforms to climate finance architecture to improve access***

15. Enhancing access to climate finance for countries with high humanitarian needs requires scaled up, predictable, and flexible resource envelopes that are contextualised for those countries. Solutions proposed to improve access were as follows:
  - Better reflection of the specific challenges and needs of climate vulnerable countries with high humanitarian needs within global climate finance goals. Participants heard that pursuing decisions at COP28 to this end would enable VCFs to steer more funding towards these countries.

- Donors to use their positions on the Boards of relevant climate finance providers to champion greater access and flows of finance to these countries. Experience of some providers of climate finance demonstrates that development and climate finance can be spent effectively in countries with high humanitarian needs including FCAS.
- Improving the speed and simplicity of the process to access climate finance as well as enhancing complementarity and coherence across providers through harmonisation and streamlining of access criteria and protocols.
- Specific proposals raised in the wider discussion included increasing direct access options and readiness support for countries with high humanitarian needs including FCAS
- Mapping of the current mandates, offerings, comparative advantages and requirements of major international public climate finance providers as well as how international public climate finance flows interact to help countries target the right sources of climate finance.
- Leveraging and accelerating financial support and innovative technical solutions from the private sector and foundations.
- Exploring opportunities that currently remain untapped. These opportunities include scaling up of disaster risk finance, derisking instruments and guarantees; flexible responses from humanitarian pooled funds; leveraging peace building finance; and exploring instruments such as the International Monetary Fund's Resilience and Sustainability Trust, and the IMF's Special Drawing Rights.

***Role of different actors in delivering resilience and adaptation in humanitarian contexts to address climate-induced food insecurity***

16. It was emphasised that the global climate emergency demands that all actors should be emergency actors with obligations to delivering resilience and adaptation in humanitarian contexts to address climate-induced food insecurity. To that end, all actors should use climate resilience as an entry point for wider co-ordination and collective action. Actors across sectors should design activities to deliver context specific co-benefits while systematically sharing data, analysis and learnings. Noting the dynamics between ecosystems degradation and conflict, participants also suggested the need to adopt the ecosystems and nature lens within activities. Actors were also urged to build common terminology to enable co-operation for collective action.
17. Participants discussed that delivering resilience and adaptation in humanitarian contexts necessitates working along the continuum of climate risk management actions that includes anticipatory, event, response and 'build forward' phases. It was proposed that a discussion of this continuum should be pursued with UNFCCC. It was also proposed that guidance could be developed on the comparative advantage of different actors in delivering resilience and adaptation in humanitarian contexts, together with examples of best practice.
18. It was pointed out that expanding preparedness, anticipatory action, early warning, social protection systems, and prevention with a strong focus on building resilience for the most vulnerable communities will be vitally important to reduce humanitarian needs and direct more development and climate assistance to climate-related crises and prevent shocks from developing into full-blown humanitarian emergencies. Participants raised the need to increase funding towards anticipatory action. It was stressed that Early Warning Systems (EWS) should take a multi-hazard approach to help them address several hazards although EWS by itself is not enough. Warnings must reach those at risk with actionable information to minimise anticipated impacts.

### ***Enhanced collaboration between climate and humanitarian finance providers***

19. Participants agreed that enhanced coordination amongst climate, development, disaster risk management, humanitarian and peacebuilding actors is critical to unite fragmented approaches and financing around the common purpose of addressing the risks and effects of climate change in countries with high humanitarian needs including FCAS. There is a real risk that a disconnected approach by actors working in isolation and not sharing climate-related data will result in maladaptation, as duplicate or counter-productive piecemeal programming can miss critical needs.
20. It was acknowledged that institutions across these sectors have to be siloed by nature. But this must not prevent collaboration and harmonisation of activities towards better outcomes. It was suggested that collaboration must be based on common vision, values and objectives that are derived from the needs of those affected by climate shocks rather than the requirements of climate finance providers. Attention must be paid to the needs of women and girls, and marginalised groups. Participants also made the case made for greater alignment of Humanitarian Response Plans, national adaptation plans, and the World Bank Group's Country Climate and Development Reports.
21. Suggestions were made to rethink and reframe results around effectiveness and outcomes rather than activities. It was pointed out that this rethinking could yield cumulative increases in the adaptive capacity of people and communities, making finance go further.
22. Participants also raised the need for sharing working examples of such partnerships.

### ***Country platforms as a tool to leverage climate finance***

23. This solution centred on the implementation of country platforms built around country-led planning frameworks as a means to bring together key stakeholders to align climate actions of multiple stakeholders and mobilise climate adaptation finance. Participants suggested that objectives, activities, and governance arrangements of platforms will need to be context-specific. The platforms must be integrated within existing coordination structures of platforms and avoid duplication of existing national and regional coordination structures. Country platforms could serve as a tool for knowledge exchange with other countries.
24. It was noted that for these platforms to enable a genuine step change in climate action in countries with high humanitarian needs including FCAS, they must include humanitarian and peacebuilding actors as well as local level actors. Such integration would also facilitate conflict sensitive climate action. But this could bring the added challenge of balancing multi-stakeholder participation and individual priorities with agility and focus on common goals.
25. Participants advised that country platforms will need to ensure that climate action serves national needs and priorities for climate adaptation and avoid the current trends of climate action being finance-led.
26. Participants suggested adopting and implementing the Principles and Recommendations on enhancing access of the Taskforce on Access to Climate Finance while updating them to be more relevant for countries with high humanitarian needs including FCAS.

### ***Other suggestions***

27. Participants noted that climate finance must account for crises and conflict to be effective. Therefore, design and delivery of climate change interventions in countries with high humanitarian needs including FCAS must incorporate conflict-sensitive expertise, analyses and perspectives from agencies dealing with humanitarian needs, those working to reduce risks affecting populations following climate-related disasters, and local and indigenous knowledge.



28. Participants suggested that efforts to mobilise finance need to be complemented with initiatives such as risk mapping, climate finance readiness programmes, training, and capacity building at all levels to shape and manage investments. These initiatives will catalyse greater impact of climate finance and ensure that affected populations, including those outside government reach or control, are not left behind by resilience and adaptation interventions.
29. Participants also stressed the importance of localising access to climate finance to ensure that climate finance reaches those furthest behind and the institutions that are closest to the communities served and most knowledgeable about their needs. It was pointed out that this is critical to building local resilience and scaling up areas based approaches that give agency and voice to those who are most affected by climate shocks.

## **Final reflections and takeaways**

30. The scale of the climate crises in countries with high humanitarian needs including FCAS demands bolder, bigger and better responses that are tailored to the context of these countries. Imbalances and obstacles to accessing climate finance and strengthening the resilience of individuals and communities to climate shocks are well known but remain unaddressed. Integrated responses from across climate, development, disaster risk management, humanitarian and peacebuilding actors combined with approaches to tackle root drivers of crisis while addressing immediate acute needs will be critical to strengthen resilience to future climate shocks and reduce humanitarian caseloads.
31. Climate finance reaching the local level – as part of a coherent approach to climate action – would deliver effective, efficient and sustainable results besides reinforcing the existing agency of local stakeholders.
32. There are questions that remain unaddressed. What are the incentives for private sector investment in countries with high levels of humanitarian needs? What are the approaches to localising climate finance to increase inclusive and locally-led approaches in countries with high humanitarian needs including FCAS? How do strategic sequencing, layering and integration of programmes across the climate, development, humanitarian and peacebuilding spaces work in practice to synergise local climate adaptation to long term climate risks?
33. Discussions on advancing climate action in FCAS must also involve peacebuilding actors.

## **Next steps**

34. Participants agreed that humanitarian, development, disaster risk management, and climate actors need to map and use every opportunity - individually and collectively - to influence the parameters of funding (eligibility, accessibility, localisation) for climate action in climate-vulnerable countries with high levels of humanitarian needs. Additionally, stakeholders should use all tools at their disposal to accelerate climate actions and finance in countries with high humanitarian needs including FCAS and reduce humanitarian caseloads.
35. Participants agreed to use insights and recommendations emerging from the conference to feed into and inform the delivery of events leading up to COP28, as well as COP outcomes, including those at the Relief, Recovery, and Peace Day.
36. At the end of the conference, a number of participants identified specific recommendations that their organisations will consider, alongside a broader set of recommendations to be considered by all attendees. These recommendations have been included under a Chair's summary that is available as a separate document on the [UK Government website](#) and the [Wilton Park event webpage](#).

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