A. Context

Thirteen countries\(^1\) from Asia-Pacific represented by both central level and sub-national institutions took part in a regional workshop on The “Implications of Local Governance and Decentralisation for the effective delivery of finance for climate change at the local level”. The objective of the workshop was to highlight the impact of decentralization and local governance policies for the effective delivery of financial resources for climate change at the local level. This was deemed pertinent given that much of the discourse on climate change is concentrated at the international level, and on international finance. In examining the local level delivery of climate finance, understanding the institutional context, particularly the decentralization and local governance policies and processes which have implications on the delivery of the resources was deemed important. Likewise, it was also important to address the issues of coordination among different actors at the local level, the monitoring and evaluation of activities addressing climate change, as well as the mechanisms for accountability that are in place to ensure the transparent and effective use of climate finance.

The workshop provided an opportunity to share experiences among the different countries in Asia-Pacific about: (1) how the different sources of climate finance are currently being channeled to the local level; (2) how different local actors have tried to improve the effectiveness of increased expenditures on climate finance; (3) how these efforts can be supplemented with additional support from international partners.

B. How is climate change finance being accessed and delivered at the local level?

The different pace of decentralization reforms present particular challenges and opportunities to deliver finance for climate change at the local level. The reforms are often driven by political considerations, and not matched by commensurate administrative or fiscal decentralization. The problem of ‘unfunded mandates’ is a prevalent one, where despite having responsibilities on a specific issue, there are no marching resources to deliver on them. In the case of climate change, this can be even more acute, given its cross-cutting dimensions, which makes it difficult to allocate the responsibility to any one entity at the local level, or conversely, where the responsibilities are spread over different actors, resulting in duplicating mandates, or overlapping ones.

What the country experiences showcased was the many ways in which climate finance is being accessed and delivered at the local level. Due to the range of stakeholders who are involved in the implementation of activities related to climate change, there are challenges related to coherence and coordination, both in terms of financing mechanisms, as well as with regard to the coordination of activities.

\(^1\) The participating countries included: Bangladesh, Bhutan, Cambodia, Indonesia, Lao PDR, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, Tuvalu, Viet Nam

\(^2\) Finance for climate change at the local level is understood to include climate specific funds as well as a range of public and private domestic funds.
The case of Pakistan illustrated the impact of the 18th Amendment to the Constitution and the possibilities that it brings to the addressing climate change at the sub-national level. However, although the amendment devolves power and authority from the central to the provincial level, there is little clarity as to which functions will be delegated, including the question on who is responsible for climate change issue at the local level, if any. The example from Nepal illustrated the role of international NGOs at the local level, where some climate related activities are being implemented through disaster risk reduction programmes for example. The source of funding for that project came from international donor, in response to the specific project proposal. Another channel of funding was through the work of the line ministry (in this case, department of agriculture) in Lao PDR, which delivers programmes in response to climate change at the local level. Finally, the case of Cambodia was shared, illustrating a case where the local government has full discretion about the use of funds which are transferred from the central level (also called general purpose transfers), and which are integrated in the local planning process to address climate change issues. The inclusion of a vulnerability lens in the design and implementation of climate-related initiatives at local level was also highlighted to ensure both equity and equality in the reach and impact of climate finance delivery

While each of the experiences were different, it was apparent that there are many stakeholders who are involved in the delivery of climate finance either through projects that are explicitly identified as “climate change related”, or indirectly, through sector specific activities (agriculture being one example) that also address climate change dimensions, though they may not be labeled as such. Depending on these variations, the access and delivery of finance for such initiatives also differed, including both national sources, as well as external.

*Detailed presentations from each of the countries can be accessed [here](#).*

**C. What challenges and opportunities do decentralization and local governance pose for access and delivery of finance to respond to Climate Change at local level?**

Situating the discourse of climate change finance in the context of decentralization is important in understanding and addressing institutional factors that may impede the effective delivery of the resources. The country specific pace and scope of decentralization will determine the roles that institutions at the local level will play with regard to climate change, especially in relation to the flows of financial resources, and the discretion over their use.

The range of local practitioners includes the local administration, as well as line departments, central agencies, CSOs, CBOs, and the local private sector. Some of the key concerns and issues highlighted by these different stakeholders include:

- Decentralisation processes must be accompanied by adequate capacity, and financial resources in order for different practitioners to fulfill their roles. In the case of climate change, this is even more challenging as it is a cross-cutting area, and specific roles and responsibilities may be difficult to define.

- Political decentralization is important to place climate change squarely on the agenda of local sustainable development efforts. For instance, in the case of Muang Klang municipality in Thailand, the commitment of the elected mayor to low carbon development resulted in concrete climate change action plans, which have brought increased attention and revenues to the municipality.

- The role of local councils was highlighted as being an important one, especially with regard to ensuring accountability and transparency. As an increasing amount of resources come to the local level, their accountable and transparent use will be a priority, and the existence of representative bodies such as local councils to ensure oversight will be important.

- Decentralisation can bring in many opportunities for more effective delivery at the local level, for instance, more inclusive participation in planning, as well as political ownership. These can ensure that
climate related activities and concerns of the communities are brought up, and addressed through existing local governance mechanisms, such as planning and budgeting.

- There are many sources of funding for climate change, and the local administration may need to consider developing a local climate finance framework that responds to local needs by blending different sources of finance, and developing appropriate mechanisms for its delivery.

The discussions on the local delivery of climate finance cannot be isolated from national efforts. Working with national level institutions is important to strengthen and enable decentralization, through adequate policy development and/or reforms. These can have significant implications on the way in which climate change is addressed at the local level, particularly with regard to responsibilities and authorities given to different stakeholders at the local level.

The discussions also emphasized that the challenges and opportunities may vary depending on the experiences of different stakeholders.

The following were identified from stakeholders at the national level:
- Low levels of knowledge on climate change issue at the local level, which makes it difficult to facilitate the interface between national and local levels on climate change issues
- Lack of coordination between central ministries and local level institutions, often exacerbated due to overlapping or duplicated mandates between line departments and local administration.
- Clarity needed on what counts as a climate change activity.
- Many opportunities to work with CSOs, but there needs to be coordination among them.
- Low function and organizational capacity of local level institutions

Local governments identified the following challenges:
- Control of local and central government by different political parties, who may have different positions on the issue of how to address climate change challenges.
- Accountability and transparency mechanisms need to be established or strengthened as the risks for misuse of funds are just as prevalent at the local level
- No consultation from central level agencies with local institutions on issue of climate change.
- Development partners have different rules and modalities which puts pressure on local institutions
- Understanding the public financial management system and the intricacies of integrating climate change in that system
- Potential for cross-learning, collaboration, and network among different stakeholders is a significant opportunity.

From the perspective of CSOs, the following issues were identified:
- Lack of an enabling environment for CSOs to be established is often an impediment, manifested by weak or non-existent legal framework
- Not often seen as equal partners in the development process, and therefore, their potential impact is limited

D. Pulling together a framework for strengthening access and delivery of finance to respond to climate change at the local level

Based on the discussions and country consultations, four pillars were identified to develop a framework for the delivery of climate finance at the local level.
Pillars for Climate Finance Framework at Local Level

1. An enabling institutional environment for climate finance

More effective and equitable local planning and budgeting for climate initiatives

Improved delivery of climate finance

Monitoring and evaluating the local impact of climate finance

Based on these four pillars, each country developed action plans. As expected, each of the plans are different, however, some common trends were discernible, such as:

- **An enabling institutional environment** for climate finance
  - A need to increase awareness about climate change at all levels
  - Identify institutions with responsibilities to address climate change, and for those that are indirectly responsible, identify specific functions
  - Establish clear mechanisms for climate finance transfer among all levels
  - Reviews laws and regulations that facilitate or impede on delivery of climate finance at the local level

- **More effective and equitable local planning and budgeting** for climate initiatives
  - Capacity development for local level stakeholders to integrate climate change into local level planning and budgeting processes
  - Identify what climate change expenditure is
  - Synergies between national and local levels need to be strengthened, especially when different national and local levels are led by different political parties
  - Improve capacity for local resource mobilization

- **Improved delivery** of climate finance
  - Coordination among different actors
  - Use existing national funding mechanisms rather than establish new ones
  - Clarify functional responsibilities of different local level stakeholders
  - Put accountability mechanism in place

- **Monitoring and evaluating the local impact** of climate finance
  - Develop baselines and indicators
  - Strengthen monitoring and evaluation capacities of local stakeholders, including coordination among different actors
  - Use vulnerability impact assessments to inform subsequent planning and prioritization of climate finance
  - Ensure public access to monitoring reports

In addition to country specific action plans, each country stakeholder put forward recommendations that development partners need to consider in their efforts to support the delivery of climate finance. Some of the issues raised included the need for development partners to increase awareness about climate change and its integration in the local development planning and budget processes, facilitate cross-learning and collaborative networking. It was also highlighted that there is a need to ensure coordination and coherence among donors, who may often be duplicating efforts, or have different monitoring and reporting requirements for example.

In moving forward, all the participants agreed to use the framework as guidance in the development of country specific activities, for which discussions already started, and resulted in the draft country action plans.