VOL 3, ISSUE 3 | SATURDAY, MARCH 30, 2019

Climate Tribune

CLIMATE CHANGE BATTLE: DEVELOPING LOCAL EXPERTISE IN BANGLADESH

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Editor's note

Dear Readers
The biggest sticking point in all climate-change related conferences at home and worldwide, has undeniably been the issue of finances. Climate change adaptation is a costly business and the question of who pays for it, and who stands to benefit is one that is yet to be answered in consensus. As global temperatures rise, countries like Bangladesh are already facing the consequences, so time is of essence. Interestingly enough, it is countries like Bangladesh that are showing the world how a little investment can go a long way towards adapting to global shifts in weather patterns.

This issue of examines some of the challenges, the steps taken, existing funding options. We take a look at the unique position of Bangladesh as being particularly vulnerable, but taking a leadership role in implementing adaptation strategies, and the very tangible difference to be made through investment. We also examine case studies of how countries like Zimbabwe have implemented funding.

With the mercury rising, the urgency of establishing a working plan cannot be overstated. ■

COVER: BIGSTOCK

SYED ZAKIR HOSSAIN

CLIMATE FINANCE BRINGS SUSTAINABILITY TO THE AGRICULTURAL SECTOR

A NECESSITY FOR THE VULNERABLE SECTOR

Adiba Bintey Kamal

Bangladesh is recognized as one of the most vulnerable countries to climate change because of its geographical location and socio-demographic features. Agriculture is the most significant economic sector in Bangladesh. Despite Bangladesh's remarkable achievement in improving agricultural productivity, the sector is facing risk from climate change, extreme weather events, and sea level rise to address the adverse impact of climate change on agriculture. Climate change is expected to decrease Bangladesh's agriculture GDP by 3.1 percent each year (World Bank). For example, the damage from climate change effect in 2007 and 2009 cyclones were estimated at around 2 million metric tons of rice, which is enough to feed 10 million people. Transforming the agricultural sector and building resilience will not be possible if there is no significant amount of capital available for climate-smart investments in agriculture. Moreover, robust financial investments are needed to support the global food system.

Climate finance plays a pivotal role by supporting developing countries to reduce emissions, decarbonize their economies. Climate finance in agricultural sector innovates ways to use climate finance to improve and increases access to finance for smallholder farmers in the agricultural sector while delivering positive outcomes namely increased resilience and reduced emissions intensity. The smallholder farmers are the

most vulnerable vast majority of farmers who have little or no capacity to adapt, lack a safety net, and are highly exposed threat in their livelihood and food security risks.

Bangladesh is among the largest recipients of climate funds from International Finance Corporation, World Bank mostly for adaptation in the agricultural sector. Climate finance budget allocation for the Ministry of Agriculture in 2018-19 is Tk13,915 crore where climate-relevant allocation is 39 percent (Finance Division, Ministry of Finance). Adaptations to climate change for agricultural sectors include: resilient variety crops, new and diverse cropping pattern, irrigation techniques, sustainable land management, early warning systems, new research. In this case, climate finance acts as a remedy as it helps to adopt many strategies to cope with the existing situations and those expected to impact the country in the future.

Bangladesh Climate Change Strategy and Action Plan (BCCSAP) mainly focuses on the promotion of agricultural practises focusing on floating gardens, community-based adaptation, advocacy for climate change adaptation measures, coastline and flood defences. Bangladeshi agricultural scientists have encouraged adopting new technologies and developing climate-smart crop varieties, as a means to diversify the agrarian practices of subsistence farmers. Due to the fund, many farmers are reporting experiencing increasing bumper yields. Thus through the use of new practices and new technologies climate change finance has, for now, improved the situation for some farmers.

Examples of adaptation for the agriculture sector

Floating gardens are a process used in many regions during the monsoon season, ingenious farmers create their floating seedbeds and grow plants on floating gardens. Hydroponics system in Bangladesh, based on floating gardens, was recognised in December 2014 by the United Nations Food and Agricultural Organization (FAO) as a Globally Important Agricultural Heritage System (GIAHS) for innovation, sustainability, and adaptability. Farmers in some parts of the country where flood waters can remain for a prolonged period have developed floating gardens in which plants can grow on the water on floating organic beds of water hyacinth, algae and other plant residues. This environmentally friendly traditional cultivation technique utilizes the natural resources of wetlands to grow vegetables and other crops almost all year round, providing numerous social, economic, agricultural, and ecological benefits to the local population. It helps the farmers to cope with the situation.

Sunflower oil production is recently introduced as a quality-based oilseed crop and is gaining popularity among local farmers because of its easy extraction method. Sunflower is categorized as a low to medium drought sensitive crop. The cultivation of sunflower may be suitable in the coastal environment because of its high yield and wide adaptability. In 16 districts of Bangladesh, sunflower oil is being harvested, and the average production is about 1.2t/ha, which is relatively encouraging.

Shrimp farming is a relatively new form of agriculture introduced in Bangladesh on a commercial scale. Shrimp can cultivation is possible in both brackish and freshwater. Currently, shrimp fish cultivation is widespread throughout the coastal region and Bangladesh produces more than 2.5 percent of the global production of shrimp and has become the seventh largest exporter of shrimp to the Japanese and USA markets.

> “Bangladesh is among the largest recipients of climate funds from International Finance Corporation, World Bank mostly for adaptation in the agricultural sector”

Rainwater harvesting is a method of inducing, collecting, storing, and conserving local surface runoff for agricultural production. Farmers in water-scarce areas face difficulties in agricultural output due to unavailability of water at the right time and in the right amount. It is expected that the use of rainwater will save farmers’ money as well as increase production. Rainwater harvesting can be effectively used by farmers to overcome the hardships of nature. The method of rainwater harvesting for agriculture is standard as a result of the irregular nature of rain in many countries and is widely practised in areas where there is an irregularity in seasonal rains. Rainwater harvesting technology help store water in the rainy seasons, for usage, during the drought period.

Agriculture is the most vulnerable sector as its productivity depends on climatic factors like temperature, rainfall, light intensity, radiation and sunshine duration, which are predicted to become increasingly erratic. The number of climate change-induced disasters has and will continue to increase over the coming years. Therefore, climate finance mechanisms have the potential to continue to strengthen the links between financial institutions and smallholder farmers by addressing some of the critical financial-sector constraints on agriculture. ■

Adiba Bintey Kamal is a Masters student of Development Studies at Bangladesh University of Professionals. Adiba is currently working with ICCCAD as a youth member from the Youth Mentorship Program.

LEGAL GEOGRAPHY FOR BETTER CLIMATE FINANCE

Anne-Laure Pilat

It is a global consensus that all countries must contribute to mitigation and adaptation efforts. Capacity-building, technology transfer, and climate finances are among the key enabler for strengthening climate actions, especially for the most vulnerable and developing countries. Moreover, around 130 Nationally Determined Contributions are conditions upon receiving climate finance to support them. Despite the fact that we are assisting today of an expansion of climate finance (with developed countries pledging to set a new climate finance goal for the period after 2025 and going beyond the so far promised $100 billion per year starting 2020), we are far from reaching the financial requirements for the necessary climate change actions to prevent the 2 degree celsius world from becoming a reality.

Despite the importance of climate finance, there is still a lack of an agreed definition of what it encompasses. However, in the post-Paris Agreement, we need to consider climate finance in a broad way as including private sector finance alongside the flows of funds and capitals from the international and national public institution for mitigation and adaptation actions. Indeed, budgetary restriction of the public entities will not allow having adequate climate finance funded solely from public sources. Additionally, in the dynamic and fast-moving nature of climate governance, law (legal structures) and finance represent two constants. As such, law and climate finance are both intertwined with law having the capacity to reinforce and guide climate finance, as well as changing the current economic system towards a more just and less carbon-intensive one. However, to achieve such potential, the law and regulations need to exist, be well informed and understand the complexity of current climate challenges. Thus, there is a need for each country to examine its own legal readiness for climate finance. Legal geography, a newly emerging branch at the crossroad of law and geography discipline, represent a promising area of study for the improvement and creation of adequate legal systems for mobilising the so much needed climate finance.

Law is defined as the sum of rules (based on a common value of society) that aims to regulate the various relations and actions among the various existing entities in a given space and at a given time. As such, legal focus on the organisation of a given society and contribute to making things happen in a particular way. Geography, on the other hand, study the surface of the earth and more precisely the relationship be-

tween people and their environment, location on Earth, their interaction and mutual influence, existing differences and how the general landscapes are changing over time. Indeed, location and place, do have an impact on how humans adapt to their environment and influence the structure of society. Legal geography draws upon those two approaches of understanding society and its organization at different scales of space. Indeed, space influences the structure of the society and therefore the law and vice-versa the law structure the society and thus influence the structure of the space they live. Both are contributing to the world the way we know it. In the context of climate change, which is today, a significant factor of our changing landscape (sea level rise, land erosion, increase natural risk disasters, climate migration, etc), this dual and integrated approach can help create a real legal climate corpus. This process is possible by accessing feedback from the ground (different territories have different contexts, history, and level of development) can fully understand and respond to the impacts of climate change on our livelihoods. Thus, legal geography can help the law achieve its transformational potential by creating an adequate legal framework for climate finance mobilisation and mainstreaming it into the most vulnerable communities as well as necessary activities and actions for mitigation and adaptation.

Some practical implication of legal geography to create and improve climate finance at the international level resides in its ability to make the guiding principle of climate finance more concrete. The article 4.3 of the UNFCCC and article 11 of the Paris agreement, both consider that climate funding needs to be adequate, predictable, sustainable, new and additional. However, as with all guiding principle, they express a goal, an idea to achieve without a concrete road to do so. Additionally, recent studies have shown that climate finance possesses a spill-over effect depending on the type of climate action. Moreover, climate finance in one country can have a significant impact on the economy of its neighbours and generate an added value (generate economic growth or additional climate finance). Therefore, understanding the geographical distribution of those added value according to the type of actions that are required in a given space, can help shape new climate finance international regulations that ensure an equal distribution of wealth and access to the benefit for all vulnerable communities. Indeed, understanding the geographical

MARKUS SPISKE

> “There is a need for each country to examine its own legal readiness for climate finance. Legal geography, a newly emerging branch at the crossroad of law and geography discipline, represent a promising area of study”

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spillover effect can help the countries in climate finance negotiation for finance allocation rules by having a better understanding or the economic gain distribution.

Furthermore, it can reshape the approach towards legal requirements for climate project financing by informing the donors of the projects that have the most significant added value in a given space including the donor country. Indeed, ensuring that donors can capture some of the economic gain of financing a particular climate action can work as a stimulant for investments but should always be coupled with the interest of the host country. Finally, legal geography can help not only develop better climate finance rules but also ensure effectiveness and efficiency of used funds (ensure that the funding is meeting the specific needs in the location where those needs do actually exist) and improved transparency and thus the trust at the international level climate change governance.

At the national level, legal geography can guide countries in developing their readiness for climate finance. Indeed, there is a wide range of possible financial instruments (legislation, contracts, regulations, costume, concessional arrangements, public-private partnership etc.) at countries disposition to create a robust legal framework for direct climate finance. However, each of these instrument does have different on the ground effect, space of application and procedure of adoption that can be the best apprehend by geography analyses. Furthermore, creating adequate laws to create an environment that facilitates climate finance (such as capacity-building, project pipeline, legal knowledge sharing platforms inside and among the countries etc.) is equally important and vary from place to place. Indeed, society is influenced by its environment, and the same actions might not have the same effect in two different locations. A better understanding of the effects of financial instrument and facilitative instruments at the national level can help create better climate finance enabling legal framework and strengthens country ownership of the financial process and leverage its financial resources.

Finally, when it comes to private sector finance, legal geography can help introduce the business logic into the legal system to help mobilise this new source of funding. Indeed, not only a robust legal framework for finance do encourage the trust of the investors but also taking into account the logic of the "location". Indeed, each location will attract different business according to the climate actions possibilities (technology transfer investment, capacity-building, mitigation etc.) and the economic results they will have and the legal implication that will be at play. Understanding those different considerations at play can help create better invectives for private sector investment in climate change actions.

As much as legal geography can help developing countries and international legal readiness for climate finance, it still requires more research to strengthen the interdisciplinary ramification and agree on a common vocabulary. However, legal geography represents a promising and innovative approach to scale up climate finance. ■

Anne-Laure Pilat, a visiting researcher at ICCCAD with a background in Public and European environmental law.

WHAT ATTRACTS CLIMATE FINANCE?

A DONOR-RECIPIENT PERSPECTIVE

Khandker Tarin Tahsin, Raisa Bashar

When the least developed countries (LDCs) received news that under an Accord of the United Nations Framework Convention on Climate Change (UNFCCC), Article 11, developed nations agreed to raise financial resources to climate change vulnerable developing nations (United Nations, 1998), these innocent victims breathed a sigh of relief. They believed, now, they would at least be partially compensated for the loss and trauma brought upon them by the emission practices of the richer, industrialized countries over the past several decades. The Paris Agreement of 2015 seemed like the starting point of the promised climate funds' inflow, but within a few short years it became quite evident that all was not well in the donor-recipient channel; LDCs were not receiving enough Climate Finance (CF). Furthermore, some LDCs were receiving more/less than their fair share of CF, irrespective of their vulnerability status. Hence, there arose a question -- what were the criteria to receive CF?

RAWPIXEL

In the Copenhagen Accord on Climate Change (CC) of December 2009, developed nations agreed to raise $100 billion annually by 2020 to be given to the LDCs to tackle CC. However, according to the Carbon Brief report (2018), donor government gave away a total of only $34bn in 2015 and $37bn by 2016. This gap between commitment and actual donations further necessitated the aforementioned question's answer.

A review of the CF literature revealed that the G8 countries, primarily responsible for providing CF, are more sympathetic towards LDCs that are more transparent, have better project-writing and implementation/accounting capabilities, and have proven themselves proficient at managing the financial resource provided (Lo, 2016). Moreover, countries which have more abundant natural resource reserves and are more democratic, receive larger chunks of CF (Lewis, 2003). Hence, there seems to be more appeal towards the merit of the poorer country in terms of transparency, accounting, and project-writing and/or their alignment with donors' interest, than their actual vulnerabilities from the donors'/development partners' standpoint.

Alternatively, LDCs think biasedness circulates in CF flow as it is a highly political issue (Hedger, 2011). They claim that LDCs are so because lower transparency is a typical trait in such countries and they can hardly be judged on this criterion or that of their capacity as they are still new in this arena. Additional claims of donors clinging to similar types of projects that align with their interests than those that address actual vulnerabilities are splashed across the literature.

So, what are the criteria that decide the CF inflow into an LDC? The answer that evidence from the past portrays is this -- merit of the country, donor interests, and vulnerability of the Country: the former two seem to get precedence over the latter one (Lewis, 2003; Tirpak et al., 2014; Larsen et al., 2015; The Guardian, 2015; The Daily Sun, 2017). This notion also largely explains why the richer LDCs have better transparency, more skilled project writers and mutual trust with donors, and receive more significant amounts of climate funds than their less transparent, poorer counterparts. These issues and the findings from the relevant analysis are what is highlighted in the North South University Research Grants funded project titled, "Fairness of Climate Finance Share among Select Least Developed Countries: A Comparative Analysis." ■

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CONFERENCE SUMMARY

SECOND INTERNATIONAL CONFERENCE ON CLIMATE FINANCE (ICCF) 2019

THE MAIN OUTCOMES FROM THE CONFERENCE

Atiq Rahman and Sirazoom Munira

Climate change is the biggest threat that the world faces in the 21st century. The Intergovernmental Panel on Climate Change (IPCC) in its recent report states that urgent actions are needed to cut the risk of extreme events and warns that the world has only 12 years to limit climate change impacts. This message is not only daunting but is also inescapable. A key finding of the Special Report on Global Warming of 1.5 degrees celsius (SR15) is that meeting the 1.5 degrees celsius target is only possible if deep emissions reductions and rapid, far-reaching and unprecedented changes in all aspects of society are made, particularly by reducing energy dependence on fossil fuels. The United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and the Paris Agreement, all call for addressing these issues through assistance from the Annex 1 Parties in four (4) key areas, ie adaptation, mitigation, capacity-building, and finance.

Bangladesh is already feeling the effects of climate change

The Second International Conference on Climate Finance (ICCF) 2019

Bangladesh is one of the most vulnerable countries to the impacts of climate change. Bangladesh is globally applauded for being a leader in climate action, and has set an example to help the poor and vulnerable by creating its own trust and resilience funds. Last year, as a flagship initiative of the Climate Finance Transparency Mechanism (CFTM) project (supported by PROKAS, British Council and UKAID), the first International Conference on Climate Finance (ICCF) was hosted in Dhaka in January 2018. The conference offered a platform for scientists, researchers, practitioners, and policy makers to share and exchange different knowledge and ideas on the current and future climate finance issues. Bangladesh Centre for Advanced Studies (BCAS), International Centre for Climate Change and Development (ICCCAD) based at Independent University Bangladesh, and Centre for Climate Change and Environmental Research, BRAC University continued the debate from last year's ICCF to host the 2nd International Conference on Climate Finance on March 9-10, 2019 in Dhaka. It was an intensive dialogue between over 200 national and international experts, practitioners, scientists and policy-makers from 17 countries who shared their knowledge, expertise, and experiences to tackle the complexities surrounding CF.

MAHMUD HOSSAIN OPU

Objectives of ICCF 2019

The primary objective of ICCF 2019 was to discuss the existing and potential challenges of CF at present and in the future. The dialogue between national and international representatives also helped to enhance discussions surrounding financial contribution and political ownership of Parties to the UNFCCC and thereby contributed to improving climate governance and access to CF. A large number of issues were presented during the conference under 10 separate sessions which are as follows:

1. Challenges and opportunities to access funds for adaptation and mitigation
2. Effective climate finance governance
3. Integrating of gender, youth, and livelihood in climate change investment
4. Promoting policies for climate finance
5. Innovative approaches to address climate finance: different country perspectives
6. Climate finance for private sector
7. Green climate finance mechanism: experience, challenges, and opportunities
8. Climate change impacts, access, and utilization of finance: case studies and experiences
9. Strengthening climate finance mechanism: recent initiatives in Bangladesh
10. Mobilizing climate finance

Challenges and opportunities to access funds

The two-day conference facilitated serious discourse on policies and actions on CF issues through high-level plenary sessions based on the challenges and opportunities to access global funds for adaptation and mitigation. Representatives from the UNFCCC, United Nations Development Program (UNDP), Oxford Policy Management, many government and non-government organizations discussed the various sources of CF, comparing the contributions from international and government public finances, also private commercial donors among others. The chief guest of the inaugural session, Dr Hasan Mahmud, MP, Bangladesh Minister of Information maintained that the global military expenditure is rising; it was $230 per person in 2017-18 and 2.2 percent of the global GDP, but global climate finance is meagre. He threw the challenge that global leaders need to be more sensitized to the reality of climate change; only then can plans turn to implementation and access to climate finance be more accessible to attain.

Gender integration in climate change investment

Chaired by representatives from UN Women and IIED, one of the most interesting discussions of ICCF 2019 was on the integration of gender, youth and livelihoods in climate change investment. Starting from analyzing how CF can be made more gender responsible, the session presented case studies from West Africa and the impact of CF on people's livelihood. It was highlighted that the international arena is increasingly recognizing the relevance of gender considerations in climate change action. However, the links between gender and climate change, in terms of expertise and wealth of knowledge, especially when linked to UNFCCC funding mechanisms, is still relatively new.

Climate finance for the private sector

The conference had effective dialogue to demonstrate the role of the private sector to look into the holistic approach of how private sectors and governments can collaborate in climate finances and technology. Also, it was echoed that levels of education or knowledge play a huge role in how people or communities cope with disasters. Thus, interventions should look into ways to address the more vulnerable communities in a viable way that helps build their capacity. Though the private sector is motivated by profit objectives, CF in due course will offer enhanced opportunities for private sector involvement in developing countries.

Although the Paris Agreement established major funding for addressing climate change of at least $100bn a year from 2020 onwards, there will be little significance in having these funds if the most vulnerable communities have no or limited access to it. There is a need for the government to be an immediate facilitator of climate initiatives with support from the private sector, where private finance instruments and mechanisms can support both adaptation and mitigation projects. However, a strong takeaway message from the concluding session was that while the private sector has an important role to play in climate change mainstreaming, it will only do so if their investments are secured. The needs of the private sector have to be clearly recognized before bringing them into the mainstream CF system.

Challenges and opportunities in green finance mechanism

Presenters also covered discussions on the challenges and opportunities of Green Finance Mechanism. A key message from this discussion is that innovative approaches are essential to build networks and avail CF. For instance, Indonesia recently issued the world's first Green Sukuk Bond raising over $1.25bn to invest in both Islamic and Green activities and hence it created a truly interesting way to capture the market demands.

The issue of clarity and standardization of a CF definition was raised throughout the conference, as there is no universal definition of CF. The importance of disclosing information by the developed countries on how they are going to finance in green technologies and climate change related issues was also referred to as an important point in the discussion. UNFCCC representatives mentioned that there are processes and efforts under the convention to encourage countries to articulate their needs and develop methodologies for adaptation. The discussions were wrapped up with the recommendation that it is imperative to emphasize how much financing is needed by the climate vulnerable countries and provide relevant action plans to the convention.

Closing remarks

The chief guest of the concluding session, M A Mannan, planning minister of Bangladesh, appreciated the conference to draw the attention of key CF stakeholders, underlying the need for collaborative action to find solutions which is acceptable for all. He maintained that Bangladesh is an innocent victim due to its vulnerability, but the government is initiating many efforts to address this challenge. The government has brought comprehensive and holistic approach within policies and strategies plans with integration and mainstreaming of climate change, integrating into SDGs and even 100-year delta plan, and recognized the contribution of this conference in the global CF discourse.

To sum up, ICCF 2019 was an exceptional platform to reflect the real needs of the vulnerable countries and highlights the demand side of CF. One message that was present throughout the conference was a concern regarding the inadequacy of funding under the Green Climate Fund (GCF). Some developed nations committed to generating $100bn every year by 2020 but it is clearly not sufficient to tackle the emerging climate change issues. Developed countries will need to come forward to enhance initial commitment in the next years to save and tackle the emerging climate change issues.

Rapidly changing climate means that the destructive power of natural calamities is only going to increase in the future, and the recent cyclone Idai is a big example. This kind of severity needs immediate actions, and for that, we need large scale financial and technical resources. It is a reality that the poor are affected the most although they have a negligible contribution to the greenhouse gas emission; yet, they continue to contribute the highest proportion of their budget to cope with climate change, as was demonstrated by mainland studies of some countries. Ultimately, as M A Mannan stated, the posterity have the right to enjoy what has been enjoyed by the past and present generations, and that, "to meet our common stake, we have to think outside the box and outside the borders." ■

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MICROFINANCE: A SOLUTION TOWARDS CLIMATE CHANGE ADAPTATION

MFIS NEED TO MAINSTREAM CLIMATE CHANGE AND DISASTER RISK REDUCTION

Bandana Rani, a rural woman from Bhola, is building her family's assets through microfinance FAISAL BIN ISLAM

Faisal Bin Islam, Tasfia Tasnim

In the recently concluded Second International Conference on Climate Finance (ICCF) held from March 9-10 at Dhaka, a group of researchers from the UK shed light on household expenditure for poor households across Bangladesh at the onset of climate-induced disasters. It was not surprising to see that people who struggle to survive on a day-to-day basis tend to bear the lion's share of the burden of climate expenditure compared to government and donor sources.

What stood out, however, were the figures in respect to gender-differentiated expenditure.

Numbers reveal that female-headed households in Bangladesh spend thrice as much as male-headed households (18.8 percent of total income compared to 6.5 percent for male-headed households) on climate-related expenditure. While this unequal burden of expenditure can be mulled over, it is far more important to recognise that female-headed households and women, in general, tend to give climate action a much higher priority and are key actors for promoting climate change adaptation within their local communities. To further their cause, they need proper support and access to low-cost finance.

This is where microfinance comes to light. Microfinance refers to the provision of financial services, typically in the form of small loans, savings accounts, insurance, and money transfers, to customers that lack access to traditional financial services usually due to poverty.

Prevalent in Bangladesh since the country's independence in the 1970s, microfinance operations have been playing a crucial role in promoting livelihood opportunities for the poorer segment of the population and contributing towards the country's macroeconomic growth. The rural poor, especially women, who happen to be the most vulnerable to a changing climate owing to their low adaptive capacities, are generally the primary clients of microfinance institutions (MFI). Provision of long-term direct and indirect financial support by MFIs have been helping them build an asset base, thereby enhancing their ability to deal with manifold climatic shocks and stresses.

There is thus growing interest in the role MFIs can play in facilitating adaptation to climate change. MFIs are well positioned to support climate change activities at the local level due to its broad delivery infrastructure across the country and a good reputation for reliable service delivery. Different MFIs have been pivotal in promoting innovative and sustainable livelihood solutions such as saline tolerant crop farming, vermicompost production for rural households. MFIs also run vocational training as well as awareness building programmes, which help build human and social capital and thereby enhance the resilience of local communities. Furthermore, the high volume and limited value nature of the services offered by MFIs allows for decentralized decision-making by households and communities. With a large majority of their clients being women, MFIs also promote social inclusion and equity. MFIs can, therefore, be considered as important catalysts for community-based adaptation in Bangladesh.

Bandana Rani is one of the millions of women in the country who access services from MFIs to support their lives and livelihoods. She lives in Pashchim Char Umed in Bhola, a coastal island district in southern Bangladesh which is frequently hit by climate-induced disasters and is subject to slow onset stresses such as soil and water salinity. Mother of two and caregiver to her ageing mother-in-law, she is like any other rural housewife, whose scope of productive employment is limited by various social and cultural barriers. Access to microfinance a few years ago has allowed her to engage in income generating activities and at the same time has imbued her with increased decision-making power within her family.

"This all started when I received 200 earthworms to produce vermicompost in my backyard. I also received hands-on training on the practice. Selling the compost allowed me to gradually expand into vegetable production and also take up poultry farming and livestock rearing. I am now planning for my children's higher education and thinking about reconstructing our house once I have enough savings."

However, challenges still remain for people who are not covered by MFIs. During the ICCF 2019 experts shared that people affected by climatic disasters are more prone to seek finance from informal sources rather than from formal MFIs and NGOs. This often results in households getting trapped in a cycle of indebtedness, losing their assets and livelihood means. Families are sometimes forced to marry off their young daughters in exchange for a huge amount of dowry and often driven to migrate from their localities -- actions that can be considered as 'maladaptation'.

> "There is growing interest in the role MFIs can play in facilitating adaptation to climate change"

Microfinance has proved as an effective model for poverty eradication and productive employment for people who are unable to reach formal financing institutions due to their poverty and financial inability. There is potential for microfinance to be scaled up and mobilized as climate finance for diversifying people's livelihood opportunities and rendering long term benefits, unlike typical fly-in fly-out projects by foreign donors, whose benefits do not usually sustain beyond the project cycle.

It is therefore important to recognize the fact that promoting climate adaptive microfinance to people who are most vulnerable to the impacts of climate change can play a massive role in enhancing the adaptive capacity of local communities. With the looming impacts of climate change, MFIs need to mainstream climate change and disaster risk reduction in their operations and proactively consider devising climate sensitive schemes to help vulnerable communities in Bangladesh dealing with current and anticipated climate risks. Promoting various types of insurance, such as: agricultural insurance, weather-based insurance, or index-based insurance can help unlock new and innovative financial instruments to fight against climate-induced loss and damage. ■

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GREEN CLIMATE FUND EXPLAINED

HAS THE GCF MADE A PARADIGM SHIFT IN CLIMATE FINANCE BY CONSIDERING THE NEEDS OF THE MOST VULNERABLE GROUPS?

Sharmin Shara Mim

The Green Climate Fund (GCF) is an international climate fund developed to help developing countries limit or reduce their greenhouse gas emissions and adapt to climate change. Through the Green Climate fund developed countries fund climate resilient development in developing countries. However, we have to ask does the approach of the GCF, consider the capacities of developing countries and the needs of the most vulnerable groups?

PIXABAY

What is the Green Climate Fund?

The Green Climate Fund was established by the 194 countries, who are parties of the United Nations Framework Convention on Climate Change (UNFCCC). Its journey started in 2010, as part of the UNFCCC's financial mechanism. This fund aims to finance equal amounts of funding for mitigation and adaptation by following the Convention's principles and provisions.

The GCF funds a diverse range of projects in Developing countries to support adaptation and mitigation to climate change whereas other funding mechanisms focus on specific types of responses. Among counterparts GCF finance large scale projects; For instance, adaptation fund is allocated per country $10 million, as well as the GCF, can finance more investments in the form of grants, loans, equity or guarantees.

The GCF board consist of 24 members divided equally between developed and developing countries. The board has full responsibility to decide on funding and follows the guidance of the Conference of Parties (COP). An Independent Secretariat carries out the operations of GCF. The GCF headquarter is located in Songdo, Incheon City, Republic of Korea.

ARTEM BALI

How does the Green Climate Fund work?

The Green Climate Fund is unique as it has allocated funds equally for adaptation and mitigation. 50% of the fund is allocated to adaptation while the other 50% of the fund is earmarked for mitigation. The primary mandate of the GCF is approving new project proposals from developing countries. As member states of UNFCCC, any developing country has access to funds. However, money is accessed through accredited direct access entities, such as National Implementing Entities (eg National organisation, civil society or private sector agencies). The accreditation process for direct access is a rigorous, time-consuming process. In the least developed countries (LDC), requirements for the accreditation process of direct access to funding is far from institutional and operational capacities. GCF is helping institutions from developing countries to get ready for the accreditation process. It is an operational body of UNFCCC. GCF is not the creation of the Paris Agreement; instead, it serves the Paris Agreement. GCF is a vehicle to sustain the momentum of the Paris Agreement, with positive development such as low emission development. Decision -- making is dependent on consensus, however, the 20th board meeting decision-making process was questioned as it is hard to agree on consensus with the mix of Climate negotiators and financiers board members.

Both National and International organizations can access funds from the GCF if they are accredited or qualified for donors' funding. Which includes direct access for national, subnational and regional entities. These organizations are named National Implementing Entities (NIE). GCF's country-specific approach encourages national organizations to apply for direct funds. National Designated Authority (NDA) facilitate direct access to funds.

> "Developing countries want a replenishment process based on a needs-based assessment in alignment with the Paris accord"

How does the GCF work in Bangladesh?

In Bangladesh, the National Designated Authority (NDA) secretariats are the Economic Relation Divisions (ERD) and the Ministry of Finance. The NDA will nominate the NIE for funds, and fund proposals are intended to align with country-specific projects and programmes. International access for international entities such as United Nations Agencies, Multilateral Development Banks (MDB), International financial institutions and regional institutions. These international entities are called Multi-lateral Implementing Entities (MIE). In Bangladesh, an international organisation such as UNDP, KfW, World Bank, ADB, AFD are accredited as MIEs. Developing countries rely on MIEs due to lack of transparency and weak institutional capacity in climate finance mechanism.

Infrastructure Development Company Limited (IDCOL) and Palli Karma Sahayak Foundation (PKSF) are two accredited National Implementing Entities (NIE) in Bangladesh. IDCOL works on mainly mitigation projects such as solar energy projects and PKSF works predominantly on adaptation projects. At the 21st board meeting, 19 new projects were approved worth USD 1 billion and a 16 new accredited entities (nine are government entities from developing countries and three private entities) were approved as partner organisations to implement GCF projects. Bangladesh had not approved any project at that time.

Has the GCF made a paradigm shift in by considering the needs of the most vulnerable?

The GCF faces some hurdles while implementing projects on the ground. There are some policy gaps as the board is not fully formed on GCF's relevant policies such as incremental cost, co-financing, and eligibility criteria to approve projects and accrediting entities. GCF always commits $10 billion disposals to program but some factors such as lack of clarity about pledges to fulfil, adverse exchange rate lead to a situation where disposal money is less than $10 billion. GCF first formal replenishment is the most complicated issue as it is a new fund. Replenishment is a political topic, developing countries want a replenishment process based on a needs-based assessment in alignment with the Paris accord, whereas developed countries might not be comfortable with the needs-based process and not realising the urgent need of replenishment. Despite hurdles, in the 22nd Board meeting of GCF has entered its first replenishment to congregate funds to support low emission and climate resilient development in developing countries.

Though the GCF has promised to allocate half of its fund to adaptation, giving priority to most vulnerable developing countries, at this stage implementation is unfulfilled in practice. Local governments are supposed to benefit from the fund, and they need access to fund and support national agencies. It is recognized there is a need to engage accredited national agencies that are closer to local governments. While accredited agencies are mostly international organizations such as multilateral development banks and banks such as HSBC, Credit Agricole, Deutsche Bank. Only three agencies in the least developed countries (LDCs) and small island states have accessed finance directly; Centre de Suivi de Écologique (CSE) in Senegal, The Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MOFEC) and the Ministry of Natural Resources in Rwanda. Multilateral development agencies may demonstrate better standards in applications of accreditation process but are not appropriate to finance national and local projects that are closer to local communities. There are many reasons behind it such as; multilateral agencies are expensive, prioritise business and less concerned about environmental and social standards.

BIGSTOCK

Moreover, the best chance to finance adaptation to local actors, who adapt to climate impacts, is by forming pathways that create functional governance channels through local government. Channelling funds to the local level is not easy, if done well It can help in capacity building and sustainable development at the local level. Supporting small -- scale projects, agencies and technologies is critical to gain success in accreditation of local agencies in GCF. The GCF should prioritize national funding agencies that have previously funded smaller scale projects or executive agencies (eg local or national governments), this might help where large scale projects have failed for decades. Without the inclusion of local agencies having direct access to funds, GCF may not be able to achieve its goal to support climate resilient adaptation and development in most climate vulnerable developing countries. ■

Sharmin Shara Mim is an intern at the International Centre for Climate Change and Development.

OPPORTUNITIES AND CONSTRAINTS

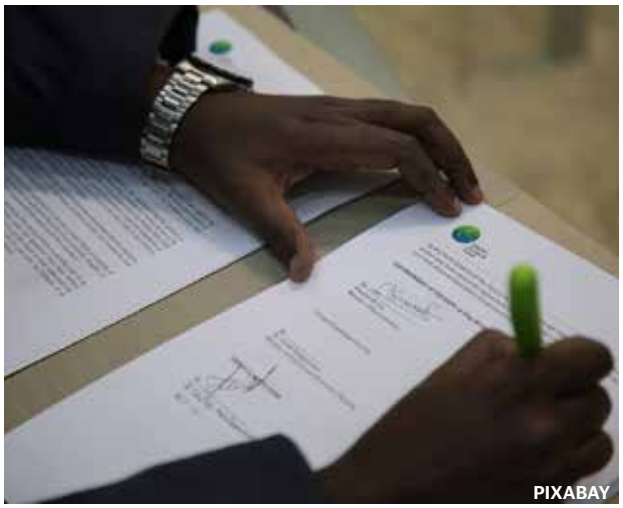
ACCESSING INTERNATIONAL CLIMATE ADAPTATION FINANCE FOR CIVIL SOCIETY ORGANIZATIONS IN ZIMBABWE

Sherpard Zvigadza

A study, by Bread for the World, was commissioned to examine different ways in which to reduce the barriers that prevent national and local NGOs (who promote community-based adaptation action) from accessing international climate finance. Through this, there was also the space to highlight opportunities to access climate funds. This study was presented at the 2nd International Conference on Climate Finance held in Dhaka. The importance of this study was that the Zimbabwe case serves as an excellent example of how civil society organizations (CSOs) in developing countries are using climate finance. These countries are already experiencing the impact of climate change; despite this, they are working to support local communities to take adaptation measures in the context of limited access to international climate finance.

The objectives of this study were to provide an overview of relevant climate finance instruments for civil society organizations in Zimbabwe. Secondly, to serve as a case study for demonstrating opportunities and limitations of climate finance from a local NGO perspective.

To address these objectives, the researchers used desk-top research on global climate finance initiatives and international best practices; on-line questionnaires targeted at civil society organizations, donor organizations, and other stakeholders; and in-depth semi-structured interviews with a range of stakeholders involved in a civil society-based climate change adaptation projects in Zimbabwe.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Key findings

Zimbabwe's economic and political difficulties over the past two decades have made it difficult to access certain streams of international and regional climate finance, as well as development finance in general. Furthermore, climate change has not been considered a priority focal area in Zimbabwe by many bilateral donors.

It was evident that local CSOs access to climate finance is limited. A total of around $50 million of climate finance, from the ZRBF, was committed to international NGO-led climate adaptation projects in the past five years. In the Zimbabwe Resilience Building Fund (ZRBF), funding from three key bilateral donors: Sweden, the United Kingdom, and the European Union (EU) have been pooled. Local CSOs are often subgrantees for climate funding, and non-climate-streamed funding remains an essential source of funding for CSOs' adaptation projects in Zimbabwe. While international NGOs have accessed significant climate funding either individually or as lead agents of consortiums, local NGOs have struggled to access climate finance directly. Local CSOs in Zimbabwe are often prevented from accessing climate funds directly due to the large size of available grants, donor partner preferences, and the absence of an enhanced direct access mechanism.

Bilateral funding, in general, has been limited in Zimbabwe due to economic sanctions, as a result of the government's international foreign policies. Various bilateral donors do not make their climate-streamed funding available in Zimbabwe. Additionally, Zimbabwe-based international NGOs, and in particular, faith-based organizations, have been a valuable conduit for funding for local CSOs both from their own donor funds and by accessing bilateral aid streams. International NGOs may also have more experience with handling large grants and better donor relationships, enabling them to access donor funding directly. Identifying and tracking specific Climate Adaptation funding was a challenge in Zimbabwe, as most donors focused on resilience.

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Recommendations

Civil society organizations

- Working in consortiums for fundraising has its advantages
- More CSOs capacity is needed for writing bankable projects, Source identification/institutional strengthening
- There is a need to strengthen national networks and their links for improvement of adaptation programming
- Policy advocacy for National Climate Fund, a low hanging fruit for CSO enhanced funding

Donors

- The donors must make information on potential funding opportunities more easily available
- Reserve funding for local CSOs and promote locally led consortiums to improve local participation and access to climate finance
- Enable access to smaller grants to identify locally identified needs
- There is a need to match reporting requirements to funds applied for

Government

- Governments must speed up the accreditation process for GCF/AF
- Create a platform for national distribution of Funding opportunities
- Establish a small grant mechanism for small CSOs and community based organizations (CBOs)
- Build capacity to better access climate adaptation funds

International climate adaptation funds relevant to Zimbabwe

Of the international funds for climate change adaptation available for Zimbabwe, a few have already been accessed. Zimbabwe has participated in regional programs that provide technical and funding support to African governments for reporting to the UNFCCC and has accessed Global Climate Finance (GCF) readiness funds for accreditation. CSOs often lack awareness of potential climate change donors and donor funding themes.

Some lessons learnt for Zimbabwe and developing country governments

Neighbouring countries such as South Africa and Namibia have accessed climate funding through the adaptation fund and GCF, and used them to establish small grants programs specifically accessible to CSOs. These enhanced direct access mechanisms have improved local CSO access to finance, and are valuable pilot programs that Zimbabwe and other developing countries can learn from.

It can be concluded that governments, donors, and CSOs can all unknowingly contribute to opportunities or constraints of climate change adaptation funding. Therefore this study challenges each one of them to introspect in order to minimize barriers for access to climate change adaptation funds. ■

Sherpard Zvigadza is an MSc student in Climate Change and Development at IUB. Shepard is also a Visiting Researcher at ICCCAD.

GREEN SUKUK OPENING UP NEW POSSIBILITIES

SHARIAH LAW AND CLIMATE FINANCE

Tasfiq Mahmood

Recently at the Second International Conference on climate finance, 2019, the idea of a climate finance mechanism that aligns with Shariah law was discussed. The topic approaches addressing both adaptation and mitigation funding through an Islamic lens.

What is Green Sukuk?

The idea of a 'Green Sukuk' is comprised of a bond, more specifically a Shariah-compliant bond. This is a means by which 100 percent of the proceeds exclusively go to finance or refinance green projects, that contribute to mitigating and adapting to climate change as well as preserving biodiversity. A Sukuk is similar to a bond, but it complies with Shariah law. The assets financed by Sukuk exclude investments in gambling, weapons, pork and alcohol.

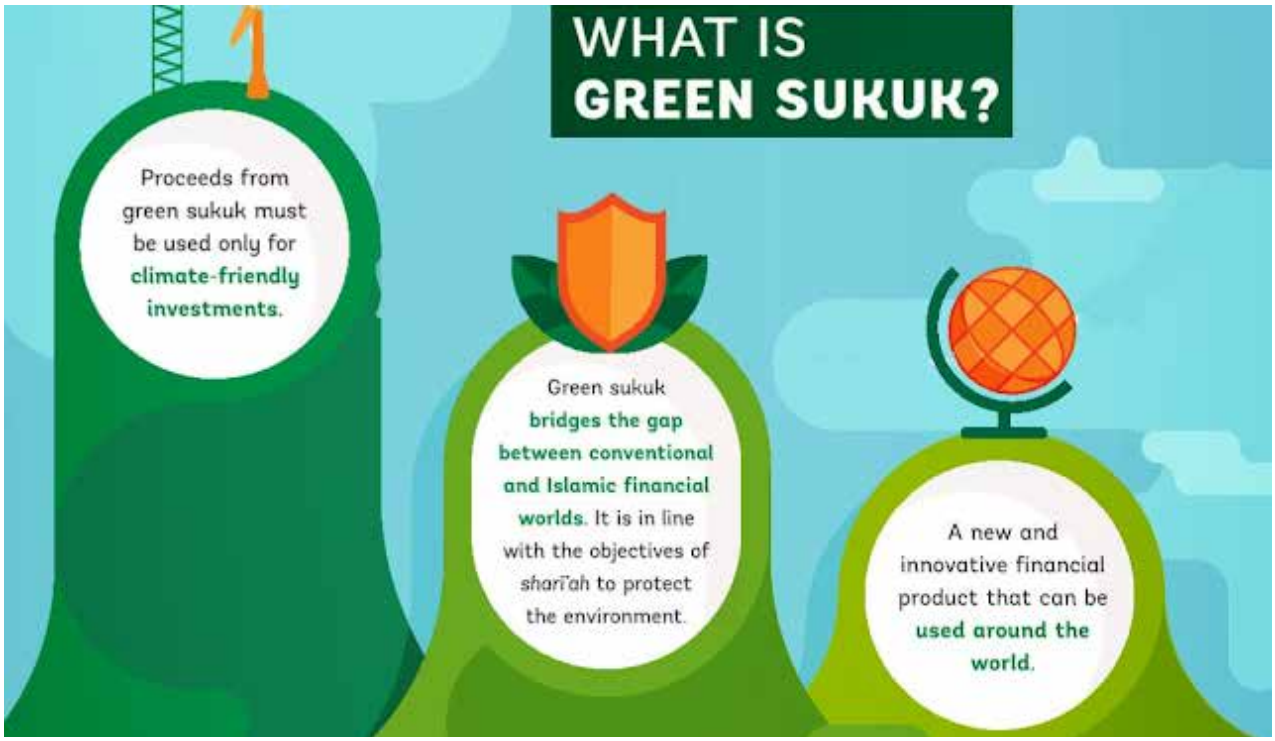
What is a Bond?

A bond is a loan which pays interest over a fixed term or a given period. When the bond reaches maturity at the end of the term, the principal amount or amount of investment is repaid to the lender or owner of the bond.

Why Green Sukuk instead of Green Bonds?

A bond is based on debts and uses interest rates, which therefore makes the idea Haram in accordance with Islamic principles. That is why the 'Sukuk' has been developed. The word 'Sukuk' is derived from 'Sakk' which means certificate. A sakk represents proportionate beneficial ownership in an underlying pool of assets. Sukuk were developed to replace conventional bonds which are often used in non-Shariah compliant activities.

BASIC DIFFERENCES BETWEEN SUKUK AND BONDS	
Sukuk	**Bond**
Sukuk are, and must be, backed by assets, projects and/or economic activities	Conventional bonds are based on debt.
Proportionate ownership (share) in the underlying assets/ project/activity.	Bonds are just debt obligations on the issuer towards bondholders (share in debt).
The fair value of sukuk is mainly based on the market value of the underlying assets/ project/activity.	The fair value of bonds is usually based on the issuer's creditworthiness and the interest rate implicit in the transaction.
In sukuk, the holder receives a share of profit/ rental generated by the underlying assets/project/activity. The face value of sukuk is not guaranteed	Bondholders receive regular interest payments (fixed or floating) over the life of the bond, and the principal is guaranteed.
In sukuk, the losses and costs related to the underlying affect sukuk holders.	In bonds, the performance of the underlying does not affect bondholders.



Target market

The 'Green Sukuk' in Indonesia and Malaysia is an excellent example of the pioneering role of governments in leveraging private finance for green and sustainable development. The instrument has the potential to significantly boost and secure public and private investment in adaptation and in building resilience, while also reducing carbon emissions. Typically, Sukuk returns are linked to returns and cash flows generated by the assets purchased or created through the proceeds of the Sukuk.

Most Sukuk to date have been asset-backed (eg infrastructure projects), where the credit of the originator has been the decisive factor for ratings and investor analysis, in accordance with Shariah principles attracting private capital into low-carbon and climate-resilient infrastructure investments. Tadau Energy issued the world's first green Sukuk in July 2017 for MYR 250m ($59.6m) in order to finance a solar power plant in Malaysia. A key demonstration of the success of this project was that another issuer -- Quantum Solar -- followed quickly with a larger (MYR1 billion) issuance. Indonesia issued the first green sovereign Sukuk for $1.2bn soon after.

Sukuk to combat climate change

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Green Sukuk are similar to other debt instruments and offer attractive returns, but they also come with the added promise of using the proceeds to finance the world's transition to a low-carbon economy. As such, Green Sukuk can help to combat climate change by paving the way for climate-smart investments in environmentally friendly projects that are based on sustainable resources. ■

Tasfiq Mahmood is currently working at the International Centre for Climate Change and Development (ICCCAD) as a Senior Project Associate. He is also looking after the policy support programme of ICCCAD. He completed his bachelor's in Environmental Management and Masters on Natural Resources Management from IUB.

CLIMATE CHANGE BATTLE: DEVELOPING LOCAL EXPERTISE IN BANGLADESH

Rukhsar Sultana

Fighting the inescapable battle of climate change requires Least Developed Countries (LDC) like Bangladesh to have country prioritized interventions. These programs should incorporate stakeholders, different actors and local practitioners to ensure the development of a country on a needs basis and include context-specific solutions to climate change. According to both the Paris Agreement and Green Climate Fund, funds mobilized by developed countries requires LDCs to ensure a country-driven approach. This approach utilises local expertise to develop and strengthen engagement and ownership at the country level, the sense of ownership or active involvement of stakeholders to any mitigation or adaptation plan becomes difficult when outside experts formulate strategies.

The two-day long Second Annual International Conference on Climate Finance (ICCF,2019), was swamped with diverse knowledge on work being done for climate change finance at the household, community, national and international level. The conference hosted both international and domestic experts, participants and presenters, creating opportunities for discussions on Bangladesh's current and prospective, opportunities and challenges for accessing climate funds. The fifth session of the conference focused on country-driven adaptation and mitigation as an essential architect to address climate change.

In the fight to combat climate change impacts, the Bangladesh government currently contributes more funding than donors (Eskander & Steele, 2019). In the year 2015-16, Bangladesh had financed Tk3,092 per affected household (Tk114bn in total) on climate finances while on the same period, international donor funding for this cause was only Tk168 per household. This statistics shows that there is utterly inadequate investment from the donor agencies compared to the government in climate finance, and the importance attached to the agenda by the government of Bangladesh.

If Bangladesh being a developing country can make such stark investments in climate finances, then why can't we in this process invest more to build our local expertise ensuring more homegrown strategies? Maybe it's time to opt for our local, in-country expertise to find and act on climate change adaptation strategies as opposed to having external experts, who come with their own set of knowledge and expertise and experience which might not be too relevant for our country context.

MAHMUD HOSSAIN OPU

We have a great blend of local experts driving the climate change policy front not just in Bangladesh but globally. We have experts like Dr Saleemul Huq, director of International Center for Climate Change and Development (ICCCAD), who has recently been recognized as one of world's 100 most influential people in climate policy for the year 2019. We have Dr Atiq Rahman who was nominated the Champion of the earth for the year 2008 and was a co-recipient of Nobel peace prize in 2007 jointly awarded to IPCC and Al Gore. We also have world renowned economist like Dr Qazi Kholiquzzaman Ahmad, a member of the Executive Board of Clean Development Mechanism (CDM), chairman of the PKSF. Working on the promotion of sustainable development, Dr Ahmad was also part of the winning 2007 Nobel peace prize team. Apart from Individuals leading the climate forefront we have different research institutes such as ICCCAD, PROKAS, BCAS, C3R undertaking world-class research initiatives on climate change. ICCCAD is running a Master's program on climate change for students from home and abroad. The students and young practitioners could be groomed by the in-country pathfinders, as well as trained in best international institutes.

So, it's high time that Bangladesh should depend on enhancing its internal capacity to address climate change problems. We might be a silent victim to climate change, but we do not need to be passive actors waiting for international experts to help us. We have the capacity and need to build that further to fight our own battle. ■

Rukhsar Sultana is an intern at ICCCAD, and has an MA in Environmental Studies with a background on wastewater management and plastic pollution.

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