WEATHER!NĂ RIŠK

PRACTICAL NOTE

Upscaling peacepositive climate action and climate-informed peacebuilding:

Lessons learned and ways forward

August 2024







Background

<u>Evidence</u> shows that climate and environmental change are closely interlinked with conflict. Along indirect pathways, such as undermining livelihood conditions, governance or social cohesion, climate change and other environmental challenges compound factors which drive insecurity and conflict, posing a barrier to peace and stability. This hits countries that are already institutionally and socially fragile particularly hard; indeed, <u>19 of the 25</u> most climate-vulnerable countries are also affected by conflict. This points to the fact that funds and programmes aimed at improving social cohesion, peace and security, as well as building resilience to the impacts of climate and environmental change should take place in contexts of fragility, social division, and violence.

However, in reality, the <u>more fragile a country is, the less climate finance</u> it has historically received, including for adaptation and resilience. Currently, <u>90% of climate finance</u> targets middle-income, high emitting countries. Between 2014 and 2021, extremely fragile states received an average of 2.1 USD per person per year in <u>adaptation financing</u>, compared to 161.7 USD per person per year in non-fragile states. This gives conflict-affected communities a fraction of the needed funds, leaving them unable to adapt to climate impacts. Not only must funding levels increase, but the specific challenges of conflict-affected countries must also be considered for effective, sustainable programming. Climate, development and peacebuilding practitioners have an important role to play in providing the donor community with concrete examples and proposals of how funds can effectively be spent in a conflict- and climate-sensitive manner in the contexts where need is the greatest.

To this end, adelphi, FriEnt and Peace Paradigms Organisation convened a roundtable discussion on *Upscaling peace-positive climate action and climate-informed peacebuilding: lessons learned and ways forward*, as part of the <u>FriEnt Peacebuilding Forum 2024</u>. Building on the <u>Declaration on Climate, Relief, Recovery and Peace</u>, which was launched at COP28 and emphasised the need for conflict-sensitive climate action, the roundtable aimed at informing implementation of <u>Germany's Strategy on Climate Foreign Policy</u> in a whole-of-government approach, as well as supporting the mainstreaming of climate- and conflict-sensitive approaches into other policy dimensions.

The roundtable brought together policymakers, practitioners, and experts from NGOs, think tanks and academia with expertise in implementing integrated climate-peace projects and programmes in various contexts. Speakers reflected on current experiences as part of the <u>Weathering Risk</u> <u>Initiative</u> in <u>Iraq</u> and <u>Haiti</u> and how these experiences can inform international climate finance mechanisms to be more conflict- and climate-sensitive in the future.

Key messages

The impact of climate change on peace and conflict and its consequences for the diverse dimensions of security is already evident. In Iraq and Haiti, more frequent extreme weather events exacerbate existing governance challenges, increasing violence at different levels, and triggering hard security measures in response. This intensifies instability and hinders response and prevention efforts in the short and long term. Additionally, climate change and environmental degradation drive both internal and external displacement and migration, jeopardising livelihoods and protection systems based on social cohesion and mutual aid. Especially young people face increased risks of violence, recruitment into armed forces, exploitation and abuse as a consequence. In turn, institutional fragility and widespread violence further intensify climate and environmental risks by undermining the implementation of effective climate action and hampering access to critical climate finance.

Despite these challenges, the experiences of Iraq and Haiti demonstrate that addressing climate challenges can offer entry points for peacebuilding on the ground. Here is how.

1. Integration of context-specific and locally-grounded analysis enhances the impact and sustainability of interventions.

The integration of a climate perspective into peacebuilding interventions needs to be informed by a thorough analysis of how the impacts of climate change and environmental degradation contribute to driving insecurity and conflict in the first place. In <u>Haiti</u>, such an analysis identified five pathways through which climate change played a role in driving the current crisis, including through its adverse impacts on livelihoods, food security, water security and health conditions. In turn, insecurity is driving migration out of the country and disrupting community relations and social cohesion. Importantly, the analysis built on both quantitative climate data and qualitative insights from local communities, and was conducted with the support and direct involvement of the Haiti Climate Security Group, a coalition of more than 90 Haitian-based organisations from civil society, donors, implementing agencies, and the government. This was key to ensure that the study reflected the country's reality, and for the recommendations to be taken up and translated into concrete action on the ground.

2. Participation and inclusivity are prerequisites for effective interventions that address the needs and vulnerabilities of different segments of society.

The drivers of conflict and climate vulnerability often overlap, rooted in pre-existing patterns of marginalisation and exclusion based on, for example, gender, age, socio-economic status, ethnicity, disability, and religion. Therefore, only a <u>participatory and inclusive climate-sensitive peacebuilding approach</u> can address the complex links between climate change, conflict and social injustice. In Southern Iraq, climate-induced water scarcity and increased salinisation levels in the Persian Gulf have led to the displacement of populations from rural areas to the city of Zubair in the Basrah governorate, where the job market is flourishing due to the existing oil business. This has led to tensions between communities and the rise of social issues such as drug use and prostitution. To address these dynamics, Peace Paradigms Organisation, in partnership with the Berghof Foundation, organised a series of dialogues between the new migrants and host communities, highlighting common problems and shared interests to address climate and environmental challenges. These provided a useful entry point to start focusing on solutions, leading to the establishment of a social pact between the different groups, overcoming previous tensions and setting the grounds for moving forward.

3. Climate action and funding become more effective when built on existing efforts, especially local-level initiatives and structures.

Local communities possess invaluable knowledge about their environment, which can inform more effective and sustainable climate action and peacebuilding strategies. Building partnerships with local NGOs, community groups, and grassroots organisations can therefore enhance the reach and impact of interventions. In Haiti, for example, the most effective way to respond to climate, conflict and insecurity dynamics was through decentralised and locally-led responses, leveraging the many initiatives already underway in the country. Local organisations not only have the contextual knowledge needed to design interventions that effectively respond to the situation on the ground, but also the trust and networks to mobilise for implementing climate and peacebuilding action, including in volatile conflict-affected contexts. In <u>Nigeria's Benue State</u>, the involvement of local communities has been key to reach a peace agreement to end the long-standing conflict between fishers and farmers over land. The plan was approved by the local

government and financed by bilateral donors. In other contexts, conflicts around natural resources were successfully transformed when affected groups, including women and Indigenous Peoples, were meaningfully involved and local conflict resolution mechanisms integrated into the set-up of the project. Climate action can benefit from these learnings regarding peace-positive and conflict-sensitive approaches and interventions from other sectors in the development cooperation.

What are the gaps in the financing of climate action?

Despite the mounting evidence that integrated climate and peacebuilding efforts are effective in many conflict-affected and fragile contexts, funding is still lacking. An overview of current trends and discussions in the two largest multilateral climate funds—the <u>Green Climate Fund (GCF)</u> and the <u>Global Environment Facility (GEF)</u>—identifies shortcomings in the global climate financing system, as well as significant attempts at addressing them.

Lack of conflict governance practices: Both the GCF and the GEF incorporate conflict sensitivity into their guidelines and policies to some extent. This includes recognising conflict risks, ensuring the safety of communities and considering the wellbeing of vulnerable groups. However, as a <u>recent study</u> found, while the GCF adheres to some conflict sensitivity principles, it falls short of implementing effective conflict governance practices. Although there are signs of progress in integrated climate security programming, this results in conflict risks on the ground being underestimated, potentially exposing GCF projects to unforeseen operational challenges.

High barriers to access funds and donor risk aversion to funding in conflict-affected and fragile contexts: From a recipient country's perspective, so called "vertical" funds (i.e. large global multilateral and internationally managed funds) like the GCF and the <u>GEF</u> face several challenges in scaling up funding in conflict-affected and fragile contexts. This is due to complex and stringent application processes, institutional capacity limits, a low risk appetite from donors, and top-down approaches. The <u>GCF</u>, for instance, <u>mainly finances low-risk projects</u> and its implementing organisations are not incentivised to operate in high-risk areas. Complex accreditation processes and a lack of dedicated modalities in conflict-affected settings further limit access. Furthermore, project activities in fragile and conflict-affected countries are inherently riskier, leading donors to favour funding programmes in middle-income countries. However, a shift in approach is becoming evident as conflict sensitivity is openly being discussed, as was the case in recent GEF <u>council meetings</u> and GCF regional dialogues. An increasing number of projects are also adopting practices to assess and address conflict risks.

Difficulties to reach local communities: Vertical climate funding is primarily delivered to governments and national level actors, less so for local communities. Scaling local work and approaches, especially in contexts without functioning governments, therefore remains a challenge. For large vertical funds, managing large investments is preferable as they have lower transaction costs, but these are not always feasible in local contexts. Iraq, for example, receives considerable funds for climate financing. However, its implementation often encounters obstacles. In some cases, foreign aid faces challenges in reaching local communities due to systemic issues. Some of the funds are directed toward initiatives that may not fully address the needs of the local populations or are utilised inefficiently. Improving transparency and accountability has also been difficult, with some government and ministry officials prioritising political affiliations over the most needed projects. Donors may struggle to track the utilisation of their funds and often depend on international organisations like UN agencies for monitoring and evaluation. Additionally, there are concerns regarding the high operational costs associated with

some implementing agencies, raising questions about the overall effectiveness of aid <u>distribution</u> in affected areas.

Overview: Vertical Funds

The Green Climate Fund

As a large vertical fund operating under the UNFCCC framework, the GCF has collected contributions of around 13 billion USD from member countries. It aims for balanced funding between mitigation and adaptation and to allocate a substantial portion of adaptation funds to vulnerable contexts. For projects in conflict-affected and fragile situations, a conflict sensitivity assessment is recommended, though not yet mandatory. These assessments should recognise conflict risks during the Environmental and Social Impact Assessment (ESIA), as part of the Environmental and Social Safeguards (ESS).

The GCF utilises various financial instruments, including grants, concessional loans, equity, and guarantees, to support its projects. It is currently developing a concise guidance document on programming in fragile states to support more effective implementation processes.

The Global Environment Facility

The GEF vertical fund is currently in its eighth funding cycle with a 5 billion USD budget. It serves as a financial mechanism for five major conventions, including the UNFCCC and conventions on biodiversity and chemicals. Approximately 7% of its active portfolio is allocated to fragile and conflict-affected contexts. GEF projects emphasise transformative change aligned with the Sustainable Development Goals through integrated programmes. They further embed gender equality and civil society participation, including Indigenous Peoples, into their design.

The GEF employs financial instruments such as grants, concessional loans, equity and guarantees. Annual Gap analysis reports indicate that GEF agencies are developing or have established approaches for operations in fragile and conflict-affected situations, though a formal policy is still missing.

The Peacebuilding Fund

The experience of the <u>Peace Building Fund (PBF)</u> points to some ways to address the issues of these large vertical funds. The PBF's portfolio on climate, peace and security is demanddriven and geographically diverse and currently totals around 130 million USD. Many of its projects are explicitly conceived so as to contribute to sustainable and climate-resilient livelihoods. Additionally, many projects utilise natural resource management or localised climate adaptation as entry points for greater inclusion of women and youth in local governance and decision-making processes. The PBF has a faster design and approval process compared to the large vertical funds, which makes the implementation of its projects flexible and adaptable to a changing local context. Deploying money in smaller grants is also more likely to be effective in areas where the government struggles to exert a presence and where UN staff is barred from entry.

How can these learnings inform future climate action and funding?

Much more funding for mitigation, adaptation, and loss and damage is needed in the most climateaffected places. Special attention must be given to those contexts where local people face the double burden of the climate crisis and violent conflict, as this is where the risks for sustainable climate and peace action are particularly high. Addressing vulnerabilities on the ground and showing solidarity with the most affected are crucial for preventing and managing conflict and fragility risks. It is therefore time to scale up peace-positive climate finance, by ensuring that funds are spent in a conflict-sensitive manner and supporting projects that leverage climate action to promote peace and security. The following recommendations aim to improve the design, implementation, monitoring and evaluation of climate projects, ensuring that climate funds effectively address the unique challenges of fragile and conflict-affected contexts. To enhance conflict-sensitive programming and peace-positive climate action, multilateral and bilateral donors, policy-makers and practitioners should:

- **1.** Focus on *how* money is invested and *where* it is going in addition to total spending, to ensure high quality, effective programming where it is most needed.
- **2.** Lower the transaction costs on accreditation status, project development and design by streamlining the application processes.
- **3.** Incentivise large vertical climate funds to increase investments in fragile and conflict-affected situations and make funding in these settings a requirement. Establishing a guideline that allocates a certain percentage of funding to fragile and conflict-affected areas could significantly enhance support for these regions.
- 4. Embed conflict sensitivity in the institutional setup of climate funds. This includes:
 - adapting policies and procedures to better handle rapid changes in fragile and conflict-affected situations;
 - expanding environmental and social safeguards to include mandatory detailed conflict analysis and actors mapping;
 - developing flexible guidance for applicants and implementing agencies and projects.
- **5. Use existing platforms for learning and technical assistance** to provide feedback to implementing agencies on conflict-related risks and developing mitigation measures.
- 6. Ensure effective collaboration across multiple stakeholders, creating an enabling space and protection for civil society actors and representatives from marginalised groups, including Indigenous and women's groups, to translate analyses into actionable steps.
- **7. Ensure awareness of colonial structures and power imbalances** to avoid replicating and exacerbating interdependencies and unequal power structures.
- 8. Learn from and listen to local peacebuilders, human rights defenders, youth, women, Indigenous Peoples, land rights and climate activists on how the impacts of climate change and conflict can be best addressed. Inclusive approaches help understand how local needs can be answered in a sustainable and conflict-sensitive way, which in turn increases acceptance of climate action. It enhances the meaningful involvement of civil society actors, and works towards the fulfilment of human rights requirements. Finally, the utilisation of local mechanisms helps govern resources sustainably, transform (violent) conflict and increase the peace-positive impact of climate action and funding.

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