Climate Finance for Sustaining Peace

Making climate finance work for conflict-affected and fragile contexts

UNDP AND THE CLIMATE SECURITY MECHANISM

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Executive Summary

The vicissitudes of climate change can often hit the hardest and be felt most profoundly in conflict-affected and fragile contexts, which suffer high vulnerability and low investments in coping capacity and adaptation. The first line in addressing climate-related security risks must be ambitious, inclusive mitigation and a just transition to low carbon pathways. However, for many of the most vulnerable countries globally, on the front lines - including conflict-affected and fragile contexts - adaptation remains the imperative of today and to come. Both mitigation and adaptation are underpinned and delimited by climate finance ambition, but there has been little work specifically focused on contexts affected by conflict and fragility and their access to climate finance.

While additional mechanisms are in place to support the least developed countries (LDCs), income level is not the only salient frame of reference. Around 70 percent of fragile states are LDCs; some 50 percent of LDCs are also included in the World Bank's Harmonized List of Fragile Situations.[1] There are distinct gaps and differences to be noted in the way that conflict and fragility may affect access to and implementation of climate finance on the one hand and how its implementation may interact with drivers of fragility and insecurity, on the other.

This study by UNDP, the Climate Security Mechanism and the Nataij Group sets out to address these gaps and focuses on: (i) Trends in access to climate finance in conflict-affected and fragile contexts; (ii) Gaps and opportunities to leverage the co-benefits of climate action for peace and security; (iii) Strategies for mainstreaming climate-related security risks into climate finance; and (iv) Lessons learnt, good practices, and recommendations on how to make climate finance work more effectively in contexts affected by conflict and fragility.

This study examines $14 billion of climate finance implemented under four of the climate change "vertical funds" (funding mechanisms which address specific issues or themes), in 146 countries, including 46 fragile contexts over the period 2014-May 2021, and finds that:

- Only one of the top 15 recipients in the combined group of fragile and extremely fragile states was extremely fragile (according to OECD 2020 'States of fragility'), and just two ranked in the overall top 20, the DRC, which ranked fifteenth, and Haiti, nineteenth.

- Projects supported by the vertical funds in extremely fragile states are far smaller than in fragile or non-fragile states. Around half of the approved projects target adaptation as their priority, only 30 percent mitigation and the remaining 20 percent, cross-cutting.

- When measuring funding per capita, extremely fragile and fragile states together averaged just $8.8 per person, in finance from the vertical funds, of which extremely fragile states averaged $2.1 per person compared to $10.8 per person in fragile states and $161.7 per person for non-fragile states (including the SIDS).

Access to climate finance means ensuring climate finance reaches the last mile to support the most vulnerable contexts; those of which affected by conflict and insecurity, may see insufficient climate finance and increased vulnerability which may exacerbate climate-related security risks. Thus, climate finance cannot be blind to conflict and fragility.

[1] GEF programming strategy on adaptation to climate change for the Least Developed Countries Fund and the Special Climate Change Fund and Operational Improvements July 2018 to June 2022. GEF/LDCF.SCCF.24/03. https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_.SCCF_.24.03_Programming_Strategy_and_Operational_Policy_2.pdf

In terms of guiding principles, locally-led design and more cross-border and regional approaches where natural resources are shared and risks are indivisible can help avoid maladaptation and yield co-benefits. Exercising greater conflict sensitivity, including a broader understanding of the impacts of climate and non-climate induced conflict and security risks on climate action, on the one hand, can improve risk management; and qualification of co-benefits or peace dividends; on the other hand, may help incentivize much-needed investments in conflict-affected and fragile contexts, the most severely affected of which, this study shows, are amongst those who have the least access to climate finance.

In the aspirational policy-practice feedback loop, practice is often still underrated, when heuristic approaches are key. The use of thematic evaluations, dynamic portfolio tracking, and re-engineering of metrics is needed. Climate and peacebuilding metrics are often not easily interoperable outside their originally intended ambit, without some re-engineering of result measurement systems, including the accommodation of additional data requirements. Data-driven approaches may help incentivize finance to target integrated responses to climate action and sustaining peace.

Mainstreaming climate-related security risks into climate finance architecture still ultimately requires intentionality in the design process. This could include the use of special vehicles or pathways and requests for proposals to kickstart pipelines of projects with dual climate and security benefits. Other options include leveraging the convening power of funds that bring together diverse stakeholders, to include peacebuilding actors and the creation of platforms for peace and security, similar to those for other topics such as the GEF's Global Wildlife Program and the Climate Technology Centre and Network. Such platforms could support exchange, innovation and mainstreaming priorities in the funds' country level programmes to set goalposts for project development. Another important corollary for adaptation finance and an entry point for mainstreaming climate-related security risks is National Adaptation Plans, which in large part are supported by the GCF and the GEF. Environmental and social safeguards are critical to "first, doing no harm", but for climate finance to contribute positively to peace, it will also require reconstructing Theories of Change.

Climate finance in conflict-affected and fragile contexts: the unanswered questions

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The climate-conflict nexus has been the subject of numerous academic papers and ongoing debate, including arguments of causality and contextual pathways through which climate change may affect peace, stability and security.[2] However, access to climate finance and the impact of climate finance on peace and security in conflict-affected and fragile contexts is an area still little investigated or systematically examined. Research originating from the climate security field typically focuses on adaptation programming,[3] not mitigation and access to energy,[4] nor on the subject of finance. Such references are often anecdotal, mostly focusing on the potential for maladaptation.[5]

While it is understood that climate change mitigation and adaptation can have other unintended impacts, both negative and positive, there has been little analysis of the "co-benefits" (see Box 1. below) of climate action for peace, stability, and security in conflict-affected and fragile states. Insufficient attention has been paid to successful examples of "peace positive"[6] adaptation and energy/ mitigation, whereas such examples may offer key insights regarding the potential for learning and enhancing overall climate finance and programming outcomes.

There is a need for a greater understanding of climate finance in countries affected by conflict and fragility, given the resources channeled to these contexts. The Global Environmental Facility's (GEF) Scientific and Technical Advisory Panel (2018) noted that around half of its recipients (77 countries) experienced armed conflict since the Facility's inception in 1991. More than two-thirds of GEF recipients (61 countries) proposed and implemented projects while armed conflict was ongoing somewhere in the country.[7] In a separate but similar regard, the impacts of much larger flows of humanitarian financing on climate action is overlooked and would make an important area for further research, beyond the scope of this study.[8]

[2] See Busby, J. (2018b). Taking stock: the field of climate and security. Current Climate Change Reports https://doi.org/10.1007/s40641-018-0116-z; Burke, M., Hsiang S. M., & Miguel, E., (2015 Annual Review of Economics 2015 7:1, 577-617, Vol. 7:577-617 (Volume publication date August 2015). https://doi.org/10.1146/annurev-economics-080614-115430; Hendrix, C.S. (2018). links. Nature Climate Change 8, 190–191 (2018). Also see Adger, W.N. et al. change 2014: Impacts, adaptation, and vulnerability. Part A: Global and sectoral aspects. Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate ChangeUniversity Press, Cambridge, United Kingdom and New York, NY, USA, pp. 755 https://doi.org/10.1038/s41558-018-0083-3 and Lee, H. F. (2020): Historical climategeographers, Asian Geographer, DOI: 10.1080/10225706.2020.1768571

[3] There are various studies including Sitati A. et al. (2021) which examines adaptation in 15 conflict-affected countries. For more information please see: Sitati, A. et al. (2021). Climate change adaptation in conflict-affected countries: A systematic assessment of evidence. Discov Sustain 2, 42 (2021). https://doi.org/10.1007/s43621-021-00052-9

[4] UNDP (2020). A typology and analysis of climate-related security risks in the first round Nationally Determined Contributions. New York: UNDP. https://www.undp.org/publications/typology-and-analysis-climate-related-security-risks-first-round-nationally-determined

[5] The Fifth Assessment Report of the IPCC describes maladaptation as "actions, or inaction that may lead to increased risk of adverse climate-related outcomes, increased vulnerability to climate change, or diminished welfare, now or in the future." For more information, see Noble, I.R. et al. (2014). Adaptation needs and options. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Also see: Barnett, J., and O'Neill, S. (2010). Maladaptation. Global Environ. Change 20, 211–213. doi: 10.1016/j.gloenvcha.2009.11.004

[6] First coined by John Galtung in 1964, in the Journal of Peace Research, "negative peace" or simply the "absence of violence, absence of war" was distinguished from "positive peace", or the integration of human society. The Institute for Economics and Peace (IEP) (2020) describes "positive peace" as the "attitudes, institutions and structures that create and sustain peaceful societies." For more information see IEP (2020). Positive Peace Report 2020 – Analyzing the factors that sustain peace. https://reliefweb.int/sites/reliefweb.int/files/resources/PPR-2020web_0.pdf

[7] Bierbaum, R. & Cowie, A. (2018). Integration: to solve complex environmental problems. Washington, DC: Scientific and Technical Advisory Panel to the Global Environment Facility, p. 104. https://www.thegef.org/council-meeting-documents/report-scientific-and-technical-advisory-panel-0

[8] See the work, inter alia, of the International Federation of the Red Cross, including Grayson, C.L. (2019). When rain turns to dust: climate change, conflict and humanitarian action. Humanitarian Law and Policy, 5 December 2019. https://blogs.icrc.org/law-and-policy/2019/12/05/rain-dust-climate-change-humanitarian-action/

Box 1: About co-benefits and co-costs

The study of the "co-benefits" of climate action dates back to the 1990's in relation to greenhouse gas (GHG) emissions. Karlsson, Alfredsson & Westling, in their 2020 study of 239 peer-reviewed journal articles, find that "climate policy co-benefits... in addition to avoided climate change costs, [are] commonly overlooked in policy-making." Their study notes that health and air quality co-benefits are comparatively better examined in relation to health, whereas the "total value of different co-benefits" for example, in energy, security, etc., are not well considered in policy.[9]

The Third Assessment Report by the IPCC[10] (2001) distinguishes between intended co-benefits, as opposed to unanticipated ancillary benefits. The report describes co-benefits as "often at least equally important rationales" while also acknowledging the possibility for negative ancillary impacts.[11] Likewise, the Fifth Assessment Report defines co-benefits as, "the positive effects that a policy or measure aimed at one objective might have on other objectives, irrespective of the net effect on overall social welfare."[12] The economic consideration of adaptation co-benefits and co-costs, but also non-market benefits and impacts on equity also need to be taken into consideration.[13]

The 23rd Conference of Parties requested that Parties submit proposals for evaluating the co-benefits of adaptation together with their adaptation strategies.[14] However, in broader policy making, co-benefits, are still overlooked, if not underestimated[15] in particular in relation to adaptation. Rahman & Moric (2020) from their research in coastal areas in Bangladesh found that research on adaptation co-benefits was limited and not well-communicated, and that with better qualification of co-benefits, a stronger case could be made for action.[16]

By comparison, understanding of climate change mitigation or adaptation-related co-benefits for peace, stability and security remains even less well-analyzed and codified. Tanzler, Maas and Carius (2010) stress the need to "harness the direct co-benefits of adaptation for peacebuilding on a more local, project-based level by designing conflict-sensitive adaptation programmes with a positive transformative effect."[17] Similarly, the Institute of Advance Sustainability Studies' (2017) working paper on mobilizing the co-benefits of climate change mitigation[18] and UNDP's 2020 study of the first-round NDCs[19] both identify this as an area for further research. Overall, more understanding is needed of non-environmental co-benefits.[20]

[9] Karlsson, S. Alfredsson, & N. Westling (2020). Climate policy co-benefits: a review, Climate Policy. 20:3, 292-316, DOI: https://doi.org/10.1080/14693062.2020.1724070

[10] Watson, R.T. and Core Writing Team, D.L. (eds) (2001). Climate Change 2001: Synthesis report. A contribution of Working Groups I, II, and III to the Third Assessment Report of the IPCC.

[11] IPCC (2001). Global, regional, and national costs and ancillary benefits of mitigation. Contribution of Working Group III to the Third Assessment