GRP webinar: Money Where it Matters (MWiM)

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The triple win through local action

Triple win to achieve resilient and thriving societies and ecosystems

Action needed across all levels, but, local action is:
- More context specific to overcome local complexities
- Identify solutions experts would never think of
- Incentivised to deliver integrated, sustainable, accountable and cost-effective solutions
- Pragmatic imperative to act

Local: e.g. municipal governments, MSMEs, community managed funds and organisations etc.

International

National
IIED’s vision for a reimagined climate finance system

Challenges of BAU

- **Quantity**: Too little local finance – less than 10% – with no policy direction of how increase it

- **Quality**: short term projects designed without local context by distant experts, and lack of focus on building sustainable institutions

- **Delivery**:
  - Too much intermediation & global funds favour international intermediaries
  - International intermediaries struggle with small & flexible finance leading to short term projects
  - Upwardly accountable due to low trust, perverse incentives reduce accessibility of funds for local actors
IIEE’s vision for a reimagined climate finance system

**Vision**

- **Subsidiarity focussed**: supporting local access and prioritisation of funds as near to the climate frontline as possible.

- **Whole of society and ecosystem approach**: suite of in-country financial and planning mechanisms working together and aligned towards the triple win: government, civil society and private sector approaches.

- **Not prescriptive**: approach will vary from country to country, for different people and different places.

- **More intermediaries as brokers to build long term capabilities**: intermediaries prioritised who are brokering local action and able to provide a mix of small, simple, flexible and patient investment to build the in-country mechanisms.

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**Business as usual**

- Primary investor/donor
- Business as usual

**Vision**

- International intermediary
- Government intermediary
- Project developer intermediary
- Local fund
- Local investor

The reimagined climate finance system: frontier funds empower communities to deliver the triple win through the principles of subsidiarity, community agency and institutional legacy.
Question 1. how quickly do we need to transform our climate finance system?
MWiM Framework

Offers solutions to getting Money Where it Matters, various mechanisms needed to deliver it: e.g. devolved climate funds, social protection programmes, entrepreneur aggregators, or frontier funds ...

Building blocks → Four for effective local finance

Support cast → MWIM framework

Good practices → 10 design features or practices for frontier funds to focus upon and build

Journey to maturity → Brokers, translators and mobilisers to support help the journey run more smoothly

Four stages to grow and develop a frontier fund from formation to becoming a mature financial mechanism
Frontier funds: what are they?

Frontier funds set-up for a local constituency around a geographically demarcated place, ecosystem or livelihood. It is their pragmatic imperative to deliver truly sustainable development, therefore delivering innovative, equitable and sustainable climate solutions.

**Dema Fund**

*Established:* 2004  
*Location:* Pará state, northeast Brazil  
*Project types:* 488 projects in environmental protection and support for families in land conflict; productive projects; organisational development of social movements  
*Fund size:* US$889,000 in four funding windows  
*Overall disbursement:* US$200,000  
*Numbers reached:* 78,500 people from 1,900 communities in 20 districts  
*Organisations involved:* Federação de Órgãos para Assistência Social e Educacional (FASE), TransAmazônica, BR 163, Baixo Amazonas, Malungu quilombola organisation


**Babaçu Fund**

*Established:* 2013  
*Location:* Pará, Piauí, Tocantins and Maranhão states, northeast Brazil  
*Project types:* organisational development; babaçu nut value chain productivity  
*Fund size:* US$633,000 (expecting new grant); 2018 expected spend US$1.3 million  
*Organisations involved:* MIQCB, TIJUPÁ, ACONERUQ, University of Pará, UFPA, AMUSDA, rural workers’ union STTR de São Domingos do Araguaia, FETAET, APA-T, ASSEMA, Matinha Youth Forum


**Gungano Urban Poor Fund**

*Established:* 1998  
*Location:* Zimbabwe-wide  
*Project types:* savings schemes to fund sustainable livelihoods and slum upgrading  
*Fund size:* US$804,000 since 2009; US$1.2 million land acquisition savings  
*Organisations involved:* ZHPF, DOS

10 Good Practices
Question 2. Do you have experiences of trying to address any of these 10 good practices, or any new good practices that should be added?
Journey to maturity
Any questions?

Or email:

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How can you engage further?

IIED is supporting the Global Commission on Adaptation to gather experiences and evidence to formulate their Locally Led Adaptation Action Track. We would like to gather your experiences and evidence on:

- Principles of local adaptation finance
- Mechanisms for delivering local adaptation finance at scale
- National and sub-national enabling environment for local finance
- Local finance goal