



Climate Bridge Fund: A funding mechanism enabling locally-led action on loss and damage for climate-vulnerable communities in Bangladesh

Overview

The Climate Bridge Fund (CBF) in Bangladesh is a model for how a loss and damage fund can be operationalised to enable locally-led action and ensure funding reaches communities affected by climate-induced loss and damage.

The CBF supports adaptation activities for communities who have been displaced, and communities at risk of being displaced, by the impacts of the climate crisis. Regulated by the Government of Bangladesh, BRAC – a large-scale non-governmental organisation (NGO) – operates its Secretariat, which disperses funding to smaller local civil society organisations (CSOs), in line with the eight principles of local-led adaptation. The CBF leverages the strengths of government, high-capacity NGOs, and small local CSOs, and, in doing so, holds insights for how similar models could be instituted in other countries.

Context

Bangladesh is highly vulnerable to both rapid and slow-onset impacts of the climate crisis. Hazards encompass, but are not limited to; rising temperatures, drought, flooding, waterlogging, river erosion, cyclones, storm surges, rising sea levels, and salinity intrusion. The loss of livelihoods in climate-vulnerable rural areas has led to increased migration to slums in urban areas, placing increased demand on already-strained services.

The government has supported non-government and civil society organisations to play a significant role in delivering public services to citizens since independence. As a result of this enabling environment, the country is home to a wide range of international, national and local non-governmental and civil society organisations. Symbiotic relationships exist between government, large-scale NGOs and small local CSOs in many areas, including climate adaptation and addressing loss and damage.

Climate Bridge Fund

The CBF was established by BRAC in Bangladesh in 2019, with funding from the Government of Germany, through KfW, to enable locally-led climate adaptation by facilitating easier access to bilateral funding for registered local CSOs.

The Climate Bridge Fund Secretariat works closely with the Government of Bangladesh's NGO Bureau and External Relations Department, manages bilateral reporting requirements, provides quality assurance and provides technical assistance to local CSOs. These functions ensure local CSOs can focus on work on the ground. Given BRAC is itself a local non-governmental organisation with significant climate adaptation operations, KfW apportioned 50% of funding to go towards BRAC-led implementation from the outset.





CBF primarily targets support to communities who have either been displaced as a result of climate shocks, or who are at risk of being displaced as a result of climate shocks. Climate migrants have been recognised globally as victims of climate-induced loss and damage by the Paris Agreement Clause 50 – as such, while the fund was intended to support adaptation, it can also be considered as a mechanism to address loss and damage.

CBF addresses economic and non-economic action on adaptation and loss and damage. Funding supports activities such as new livelihoods development, psychological counselling, developing climate-resilient infrastructure, and delivering health and educational services. There has been significantly more demand for CBF support than it has been able to deploy: in 2020 CBF received 102 applications, and was only able to fund four. In 2021 it received 110 applications, and ultimately funded 18 projects.

As of March 2021, under the Climate Change Window, CBF has reached 146,946 people with adaptation interventions, comprising 108,528 (74%) women, 38,414 (26%) men and four gender diverse individuals. 77% have been equipped with awareness on climate-sensitive diseases and received health commodities, 12% have been equipped with climate-resilient WASH services and 4% have received infrastructure support, for drainage, walkways and shelter. An impact assessment is planned to begin in 2024.

Financing mechanism

The CBF is an endowment fund with two windows - Climate Change and Emergency Response. Under Climate Change, CBF acquired EUR 11.935 million. From this, EUR 10 million was invested in government treasury bonds. Financial sustainability is ensured through the capital grant amount remaining untouched, and projects being supported through the annual income. The investment income (approximately EUR 2 million) was used to fund eight projects from 2019-2023 in five priority locations; Sirajganj, Rajshahi, Barisal, Khulna, and Satkhira. Under Emergency Response, CBF acquired a further EUR 10 million to implement 14 projects in 18 districts hit the hardest by climate shocks and COVID-19.

Challenges

Some CBF-funded projects took longer than expected to start implementation because they were deemed to be inadequate in their potential to generate sustainable impact. The impacts of the climate crisis are evolving particularly rapidly in Bangladesh, and some interventions did not adequately take into account future projections. The Secretariat also observed challenges in differentiating between development and climate-adaptation activities.

During implementation, local CSOs faced some challenges from local authorities regarding selection of project locations and participants. These were overcome through discussions in which community-level need analyses were presented.





Efficiency, scalability and future expansion

CBF ensures 60-70% of operational spending happens at the local level. 20% is spent to cover the costs of running the secretariat, with a further 15-20% of costs going towards operating overheads of local CSOs.

Unlike many pilot initiatives, there are limited operational constraints to scaling the CBF. Expanding the fund using its existing structure would not demand a significant increase in operational capacity of any one implementing entity or government department, but would enable wider reach of existing local CSOs that are already best placed to drive action to address loss and damage.

Relevance to Loss & Damage Fund

The CBF presents a way in which global climate financing for loss and damage can be channelled to the communities most affected by the climate crisis, in a way that builds on existing local capacity and is operationally efficient and scalable.

Climate Bridge Fund and locally-led adaptation: The eight locally-led adaptation principles are implemented within CBF's operating procedures in the following ways:

1. **Devolving decision making to the lowest appropriate level:** Each project is designed, implemented and monitored by local CSOs, with targeted local communities and local government authorities.
2. **Addressing structural inequalities:** Targeted communities are climate migrants with a particular focus on individuals and groups disproportionately affected by climate shocks.
3. **Providing patient and predictable funding that can be accessed more easily:** The overriding rationale behind the CBF is to make funding more accessible to local CSOs, with less than six months typically from application to initial disbursement.
4. **Investing in local capabilities:** The Secretariat provides technical assistance and capacity building on financial management, designing effective adaptation measures and identifying community mechanisms for project impacts to be sustainable.
5. **Building a robust understanding of climate risk and uncertainty:** Capacity development of local CSOs includes identifying context-specific climate risks.
6. **Flexible programming and learning:** The Secretariat operates quarterly monitoring to document learning, as well as bi-annual workplan and budget review workshops to support adaptive management.
7. **Ensuring transparency and accountability:** The Secretariat is accountable to an advisory committee, KfW and a board of trustees. CBF maintains downward transparency through regular discussions on the ground, both by Secretariat staff and CSOs.
8. **Collaborative action and investment:** The CBF was founded on a principle of investing in the collective potential of local communities and organisations, and continually consults other organisations in project areas to find synergies and avoid duplication.