FINANCING DECENTRALISED CLIMATE SOLUTIONS FOR THE GLOBAL SOUTH

INECC
People's Voices in Policy Choices

Laya

South Central India Network for Development Alternatives
SCINDeA

Gram Saarthi

CLEAN
Create. Connect. Collaborate.

INDIAN NETWORK ON ETHICS AND CLIMATE CHANGE

INECC is a **national network** dedicated to advocating for the rights and needs of marginalized communities in the face of climate change. Founded in **1996**, it connects organizations and individuals across India to address the intersecting issues of climate crisis, sustainable development, and social justice. Through its work, INECC amplifies the voices of the marginalized majority, ensuring their concerns are integrated into policy discussions on climate change and sustainable development.

Myron Mendes
National Facilitator

MEET OUR PANELISTS

Abinash Mohanty

Global Sector Head
Climate Change
and Sustainability

IPE Global

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CEO

CLEAN Energy Access Network

Lena Mechenkova

Founder & Head of Project Management

Vlinder

Janssen Martinez

Manager for Climate Policy

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Thematic Programme Executive

BAIF Development Research Foundation

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Climate Finance Options for Decentralised Renewable Energy Solutions: Opportunities and Challenges

Priyadarshini Karve

Clean Energy Access Network (CLEAN)

Current Status of Renewable Energy Technologies

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Renewable primary energy sources with maximum possible efficiencies across the value chain allow us to meet all energy needs to retain and build upon the social gains of the fossil fuel era.

Which Way to Go??

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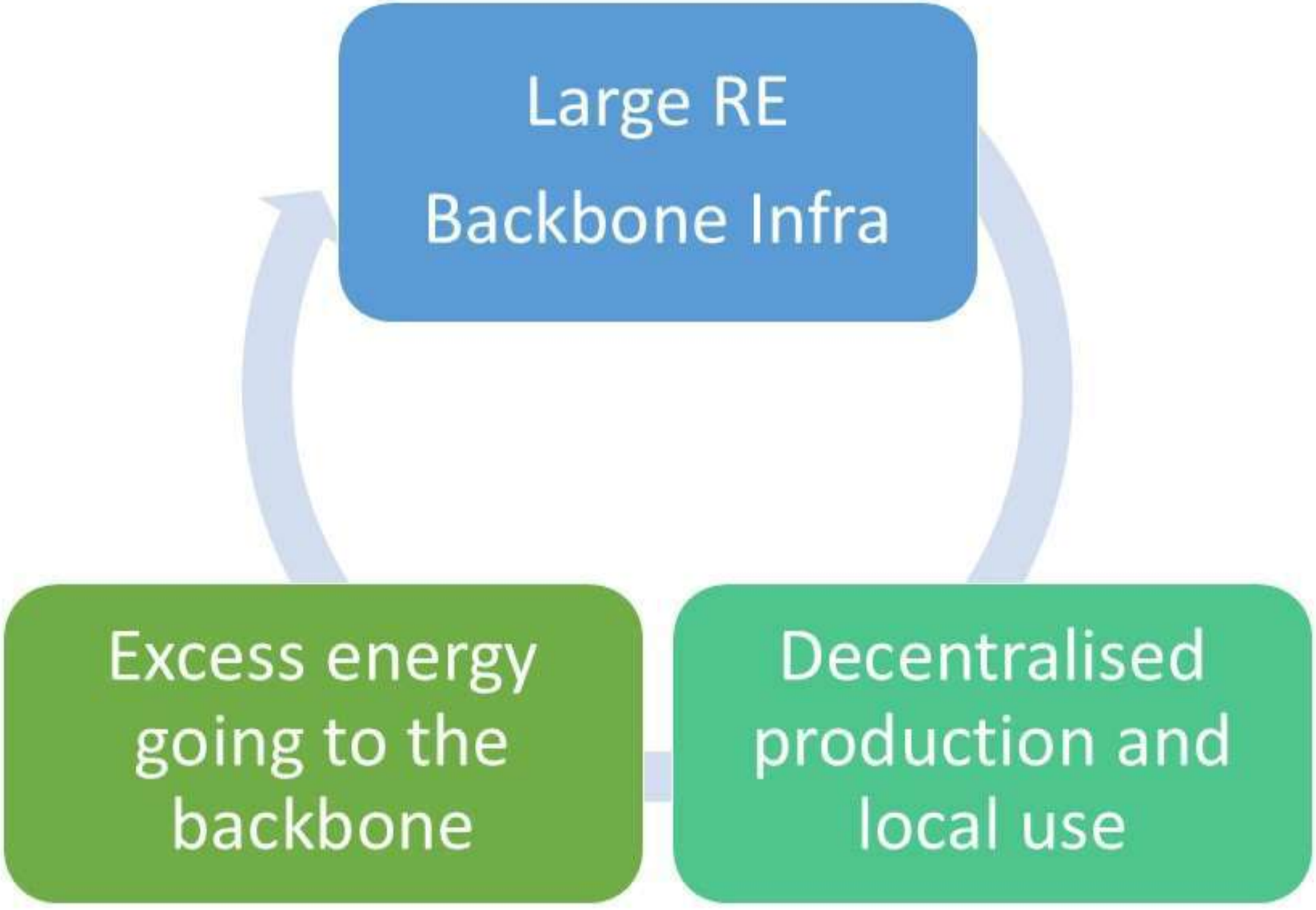
Centralised RE

- Energy System unchanged from 20th century
- Energy injustice and inequality continues
- Widespread ecosystem impacts due to high land footprint

Decentralised RE

- Total revamp of energy infrastructure
- Potential for energy justice and equality
- Very little ecosystem impacts as installations can be on top of existing infra

Socially Just Energy Transition for the 21st Century



DRE Technologies for Quality of Life

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Solar Home Systems

Charger

Fan

Improved Cookstoves

Lanterns

Television

Street Light

Hybrid systems

Micro & Pico Hydro

Productive use of DRE: Rural and Urban Green Livelihoods

CLEAN
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Solar Pumps

Solar Dryer

Solar Cold Storage

Sewing Machine

Pottery Wheel

Sugarcane Crusher

Productive use of DRE… Continued

Milking Machine

Animal Repellents & Fences

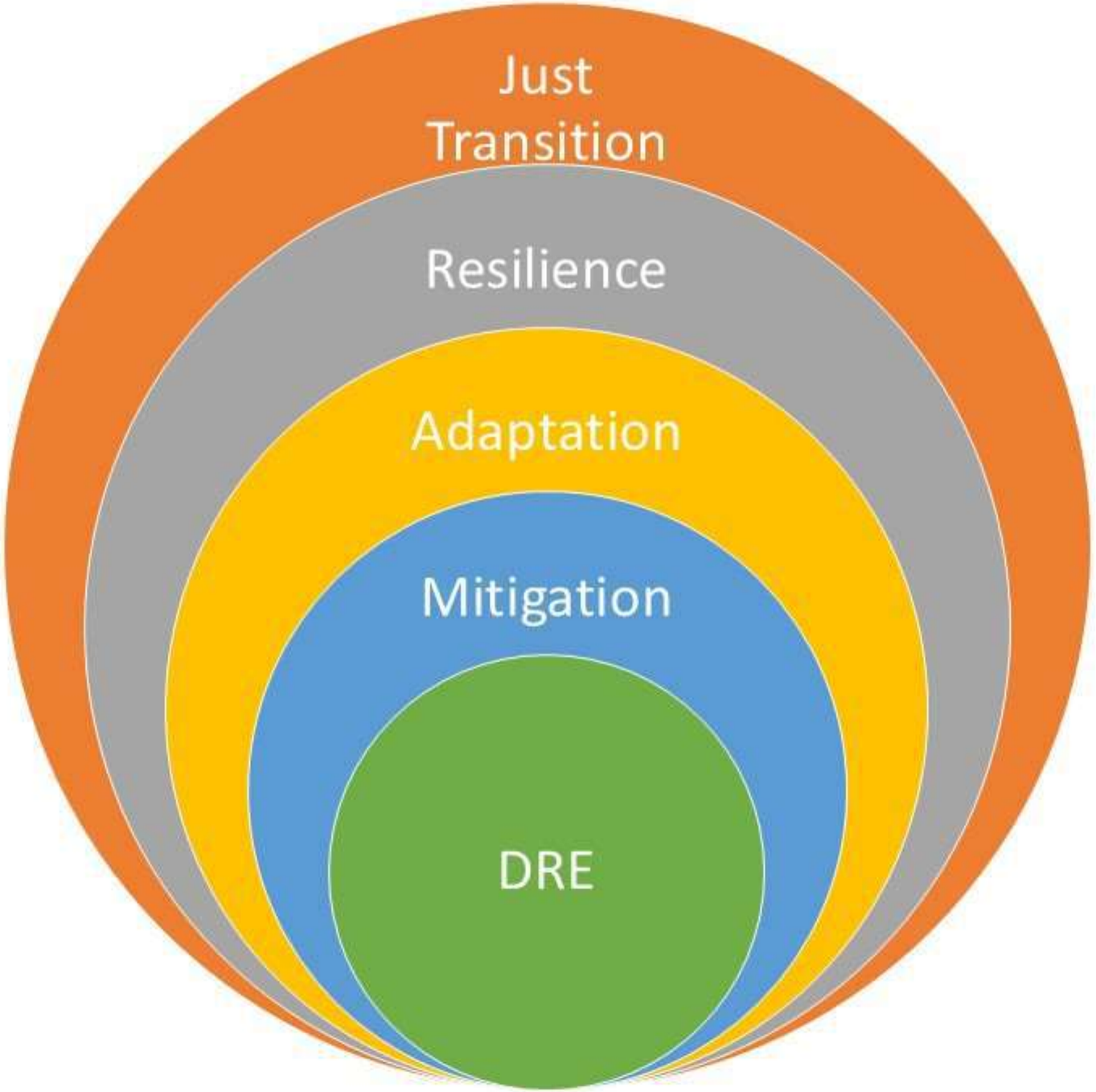
Biogas cooking grids

Dal Processing Machine

Rice Huller

Chilli Grinder

and many more. . .



DRE is a Complete Climate Solution!

Financing Needs for DRE are different!

Most DRE interventions require much less finance per installation than centralised RE – Difficult for Big Banks to service.

Many Quality of Life DRE interventions require GRANT finance.

Productive Use of DRE interventions require PATIENT capital and/or patient debt – Challenging for Big Banks.

Additional GRANT funding is needed for training and capacity building, creating service and maintenance infrastructure, etc.

Recommendation

Custodians of large climate funds need to work with local banking and finance mechanisms in the Global South to figure out innovative ways to directly support grassroots level localised innovations in decentralised renewable energy services.

With this approach developing countries will be able to meet their mitigation commitments while creating an adaptation safety net for their citizens.

Thank you!

Priyadarshini@thecleannetwork.org

www.thecleannetwork.org

Clean Energy Access Network (CLEAN) is a Not-for-Profit society established in 2014 by stakeholders in the DRE sector in India.

CLEAN aims to support and grow the DRE sector in India and the Global South.

Vlinder

Funding Mangrove Reforestation via Voluntary Carbon Market:

Lessons Learned

Lena Mechenkova for the *Beyond Big Banks* session at COP29

Vlinder is a climate company focused on community-led mangrove reforestation

- We want to **make big money work for the durability and scale** of impact.
- By 2030, we aim to plant **100 mln trees** on 35.000 ha, over 4% of the total restorable area.
- **Half of the revenue will be shared locally** to empower and support local communities as project stewards.
- Reforested mangrove ecosystems will generate **$1 bln annually in ecosystem services**, benefiting coastal resilience, biodiversity, and sustainable livelihoods for generations to come.

Photo: Drone monitoring, Kenya

Vlinder restores mangroves in 4 countries

Vlinder Kenya (VCS 3660)

Vlinder Senegal (VCS 3885)

Vlinder Myanmar (VCS 2088)

Vlinder Indonesia Aceh and North Sumatra (GS)

Vlinder Indonesia Sulawesi (VCS 5032)

Portfolio & Pipeline: **35.000** ha area **30M** tCO2 removals **30.000** people benefit

Lessons Learned: Investors

Slow decision-making, lack of knowledge, pushy on terms and unrealistic expectations

1. **Mangrove reforestation carbon project investment is not for everyone:** Risks are too high; projects are too long-term; a lot of capital is needed upfront; IRR is too low for the risks taken.

2. **Start with key values and red lines:** Not all investors will support sharing carbon with local communities and pay for planting fairly even if they are talking about social impact. **We believe that only community-focused projects are viable**.

3. **Be prepared to long sales cycles:** In our experience, from 4 months to a year.

Photo: Mangrove propagule collection, Indonesia

Lessons Learned: Community

Challenging environment, fear of legal, business and scientific complexity and sticking to habitual practices

1. **Pay fairly and directly:** Hire locally; learn about current payment practices and explore additional opportunities; trace payments to each individual.

2. **Help changes to happen:** Co-design additional livelihoods with communities and local market researchers and facilitate their setup; find funds for livelihoods and upskilling at an earlier stage of the project (before carbon money comes in).

3. **Make the community the stewards of the forest:** Co-design and co-manage the project together; learn from them, educate and support at all stages.

Photo: Women community-based organization running mangrove nurseries, Kenya

Vlinder

Lessons Learned: For-profit vs non-profit

At the current stage of the voluntary carbon market development, a combination could be the best approach

1. **High costs of derisking:** Feasibility study (legislation, land degradation and restorability analysis, carbon stock, socioeconomics), project documentation development, getting necessary permits are needed before a large investor comes.
2. **Investors don't bring enough for the quality we want:** Better research, wider community education and upskilling, earlier livelihood development, test planting are underfunded.
3. **Grant funding to derisk a carbon project and uplift communities:** From our current talks to philanthropy capital, we see a lot of underestimated opportunities.

Photo: Degradation assessment, Senegal

Let’s continue our discussion

Social Blue Carbon: Community as a Key to Sustainable and Investable Mangrove Reforestation Projects

When: Thursday, 21 Nov 2024
Time: 10:30 – 11:30
Where: Digital Innovation Pavilion, Area E, H9

Lena Mechenkova
Founder, Head of Projects
lena@vlinderclimate.com

Access to Climate Finance for Decentralized Climate Solutions

Empowering Communities for Climate Readiness and Resilience

Janssen M Martinez
Manager for Climate Policy
Institute for Climate and Sustainable Cities (ICSC)

About ICSC

The Institute for Climate and Sustainable Cities is a Manila-based **climate and energy policy group** advancing climate resilience and low-carbon development.

Why decentralized climate finance?

- Decentralized climate finance **shifts climate funding decisions and resources from national to local levels**, empowering communities most impacted by climate change.
- Traditional top-down approaches often fail to address unique local climate challenges.
- Enables local communities to identify needs, develop solutions, and manage resources effectively.
- Taps into local knowledge and innovation for fairer resource allocation and effective solutions.

Innovative Decentralized Climate Finance Mechanisms

- ***Resilience Bonds***: Provide financial resources for communities to recover after climate-related disasters.
- ***Microloans for Green Projects***: Small-scale loans for renewable energy and sustainable agriculture initiatives.
- Promote financial inclusion by empowering groups excluded from traditional finance systems.
- Shift control of resources to local communities, encouraging ownership of climate initiatives.

Innovative Decentralized Climate Finance Mechanisms – Philippine example

Philippines

- Direct Access for Local Government Units and Provinces
- Annual Replenishable Funding
- Community-Centric Project Selection
- Inclusive Governance Structure
- Capacity Building and Technical Support

Risks and Challenges of Decentralized Climate Finance

- **Capacity limitations:** Lack of expertise, administrative capacity, and financial management skills at the local level.
- **Coordination challenges:** Risk of fragmented or duplicated efforts without robust mechanisms.
- **Data gaps:** Limited reliable climate data for informed local decision-making.
- **Political influence and corruption:** Decentralized systems are vulnerable without strong accountability mechanisms.

Risks and Challenges: Philippine Devolution

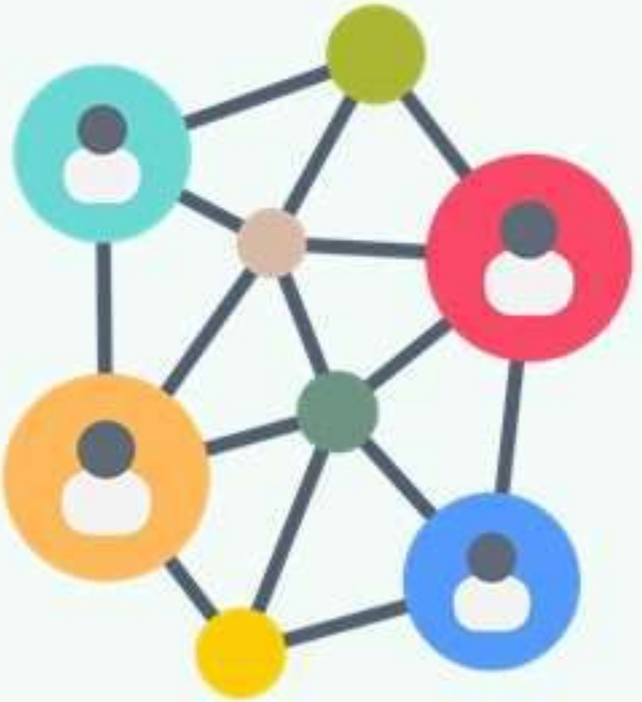
Devolution in the Philippines: transfer of certain powers and responsibilities from the national government to local government units (LGUs), including key sectors such as health, social welfare, agriculture, environmental management, and disaster risk reduction (DRR)

Implementation of the devolution may face issues with:

- Limited LGU Capacity
- Lack of Clear Guidance and Coordination
- Potential for Inequities
- Financial Barriers and Data Gaps

Steps to take in addressing challenges

- **Strengthen capacity**: Invest in LGU training for technical, administrative, and financial management.
- **Improve coordination:** Foster national-local alignment through better communication mechanisms.
- **Enhance data systems:** Support reliable climate data collection and dissemination.
- **Ensure accountability:** Implement clear guidelines and mechanisms to prevent corruption in fund management.
- **Support community initiatives:** Empower communities to lead climate action, ensuring benefits reach the most vulnerable.



Thank you!

Janssen M Martinez
Manager for Climate Policy
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You may also reach us at the following channels:

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ICSC

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People's Voices
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91-20-25231661 / 64700175 91-20-25231662 baif@baif.org.in, www.baif.org.in

ORAGNISATION'S OVERVIEW

PROGRAMMES

Livelihoods

Livestock Based Livelihoods | Farm Based Livelihoods
Water Centric Livelihoods | Rural Non-Farm Sector Based Livelihoods

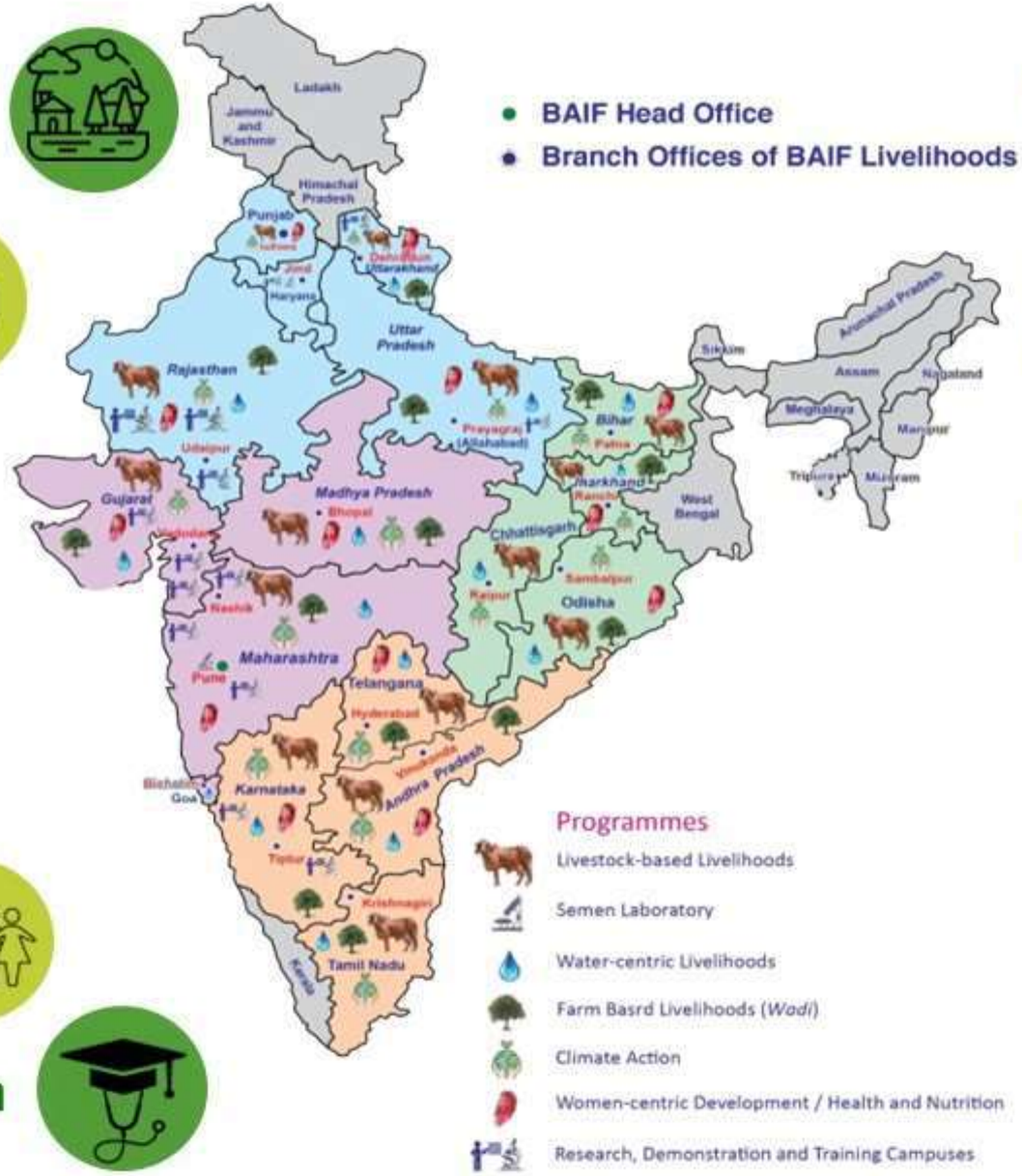
Social Enterprises

Research & Incubation

Climate Action

Women Centric Development

Health and Education



OUTREACH

- 16 States
- 348 Districts
- 61 Aspirational Districts
- 0.1 Million Villages
- 4.0 Million Families

Climate Action Programmes

Climate Change Mitigation

- Pro Soil approach
- Carbon Sequestration in Wadi
- Land degradation Neutrality
- Low carbon Livestock Management

Climate Change Adaptation

- Climate Resilient programme
- Sustainable Livelihoods

Climate Smart Agriculture

- Direct Seeded Rice
- Weather Advisory
- Drought tolerant, short duration crops
- Improved seeds of climate resilience
- Green Manuring Soil Health Management
- Protective Cultivation of vegetable and flowers

Agro Biodiversity Conservation

- 58 crop cultivars of Rice, millets and their attributes documented
- Agro morphological evaluation of 5 sorghum races
- On farm conservation cetnres established in 14 locations
- Participation in various consulations and policy advocacy meetings

Nature Based Solution

- Regenerative and resilient farming system
- Nature Positive solution(conserve, Manage,Restore, Recycle and Engage)

Financing for Climate Change

BAIF focuses on various types of climate finance from a mix of multilateral funds, government schemes, international donors, and private-sector partnerships.

- Multilateral Climate Funds:
  Adaptation Fund Board formed under UNFCCC

- Government Schemes:
  National Adaptation Fund for Climate Change (NAFCC): Grants for Agriculture, water resources, forestry, and health.

- National Bank for Agriculture and Rural Development (NABARD):Climate-resilient agriculture, water resource management, and green infrastructure

- Corporate Social Responsibility (CSR) Partnerships: Sustainable livelihoods, renewable energy access, water conservation, and women's empowerment in agriculture.

- Bilateral and International Donor Agencies:USAID, DFID (now FCDO), and GIZ: Development agencies from the U.S., U.K., and Germany offer funds for climate adaptation
- International NGOs and Foundations:
  Large NGOs and foundations, such as the Rockefeller Foundation and the Ford Foundation,

Indian CONTEXT

- More on Adaptation measures than mItigation.
- Bottom Up Approaches
- Multiple linkages, collaborations and multiple actors need to come together
- Carbon Finance

  Carbon Credits: Agroforestry and soil carbon sequestration
- Blended Finance Initiatives: Blended finance combines concessional finance (grants or low-interest loans) from development banks or public funds with private investment. Development banks like the World Bank and Asian Development Bank
- Challenges:

  Addressing the Knowledge gap that is existing at the Financing level.
- Introduction of short gestation activities is fruitful. Long term engagement in projects is required to understand the impact of climate projects.

Partners in Progress

CORPORATE CSR

About 87 Corporates are supporting more than 170 Projects across locations

GOVERNMENT AGENCIES

State Government, Central Agencies, Ministry of Health and Family Welfare, NABARD, ICAR, National Dairy Development Board etc.

SCIENTIFIC RESEARCH & ACCREDITATION

INRAe, University of New England, Cornell University, 4 p 1000 Initiative, UNFCCC, CGIAR Institutes ICAR, Indian Agri Universities, ICAR Institutes etc

INTERNATIONAL FUNDING AGENCIES

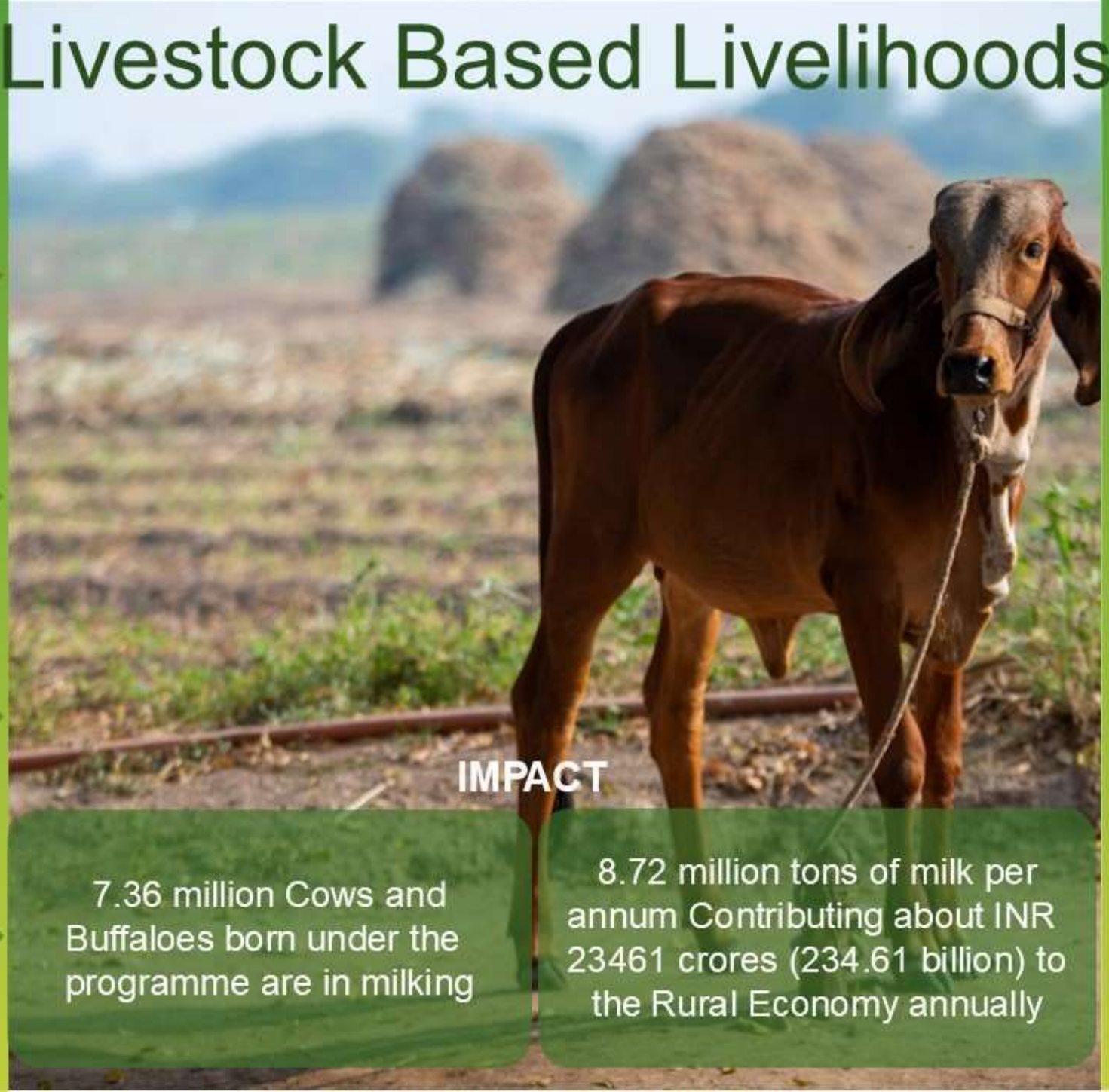
Kreditanstalt fur Wiederaufbau (KfW), GIZ, Wallmart, Bill & Melinda Gates Foundation, etc.

Livelihoods Programme

Livestock Based Livelihoods

OUTREACH

- 13 States
- 343 Districts
- 99452 Villages
- 7.7 Million Families Benefited



IMPACT

7.36 million Cows and Buffaloes born under the programme are in milking

8.72 million tons of milk per annum Contributing about INR 23461 crores (234.61 billion) to the Rural Economy annually

APPROACH

- Coverage of 100% breedable livestock population
- Doorstep breeding services
- Feed and Fodder Management
- Facilitation for Forward Linkage
- Regular advisory to adopt the scientific management practices

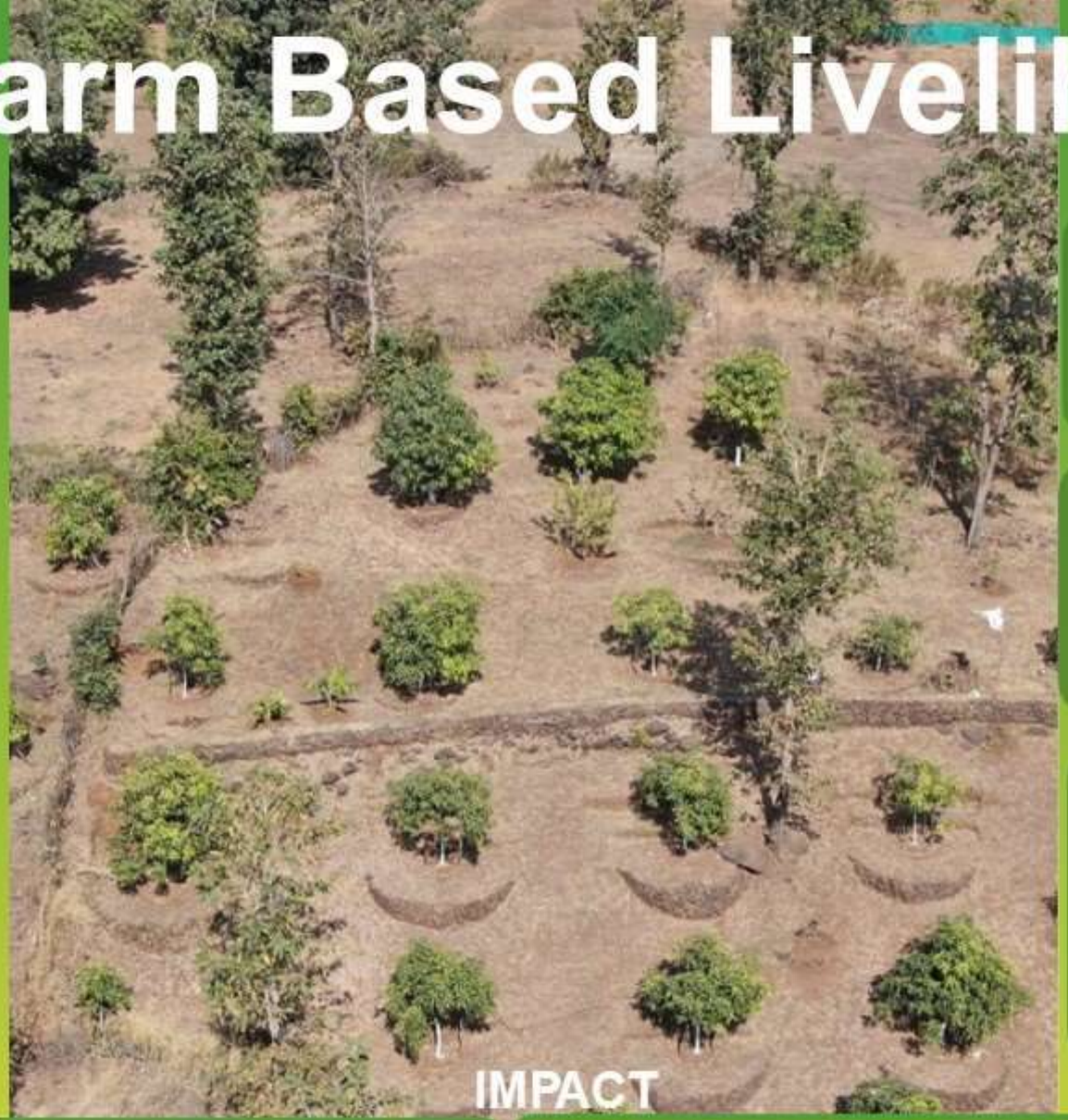
Farm Based Livelihoods

OUTREACH

7381 Villages

93375 Ha Area covered

0.23 Million Families Benefited



APPROACH

A tree-based farming system approach for tribal development

The core model involved converting the degraded land owned by tribal families into a productive asset

Short Gestation-High Remunerative activities for nutrition and cash income security: like Small Plot Cash crops, Floriculture, NTFP Processing and marketing of farm produce

IMPACT

Wadi Model scaled up in 29 states by NABARD

2.1 million tons of carbon sequestered

Generating additional income of INR 1699 crores (16.99 billion) / year to 2 lakh (0.2 million) families

Reduction in distress migration through established wadis

Water Centric Livelihoods

OUTREACH

1513 Villages

789 Watersheds

372109 Ha Area Treated

284460 Families Benefited

APPROACH

Land Degradation Neutrality through integrated watershed management, land restoration, appropriate land use measures and water storage and use efficiency

Participatory resource mapping of existing and potential water sources

Region specific water resource development
Introducing measures for water conveyance and usage through water and energy smart interventions

IMPACT

Water conservation of 26.33 MCM Billion and additional income generation of Rs. 21.35 Billion to community/ family

487846 person days of employment generated in 2023-24.

Rural Non-Farm Sector Based Livelihood

OUTREACH

11 States

840 Enterprises Promoted

13515 Families Benefitted

IMPACT

163 enterprises promoted (cum. 840 since 2020)

APPROACH

Skilling of rural youth and SHG based enterprises

Promotion of enterprises, individuals, group, community level enterprises.

Facilitating the promotion and sustenance of value chains

Incubation of the social enterprises and entrepreneurs

SOCIAL ENTERPRISE & INCUBATION

OUTREACH

840 Rural enterprises promoted

163 Social enterprises incubated/ facilitated

Testing support offered

APPROACH

Providing ecosystem for developing the products

Providing incubation support

Undertaking the testing of the products and perfecting products/services

IMPACT

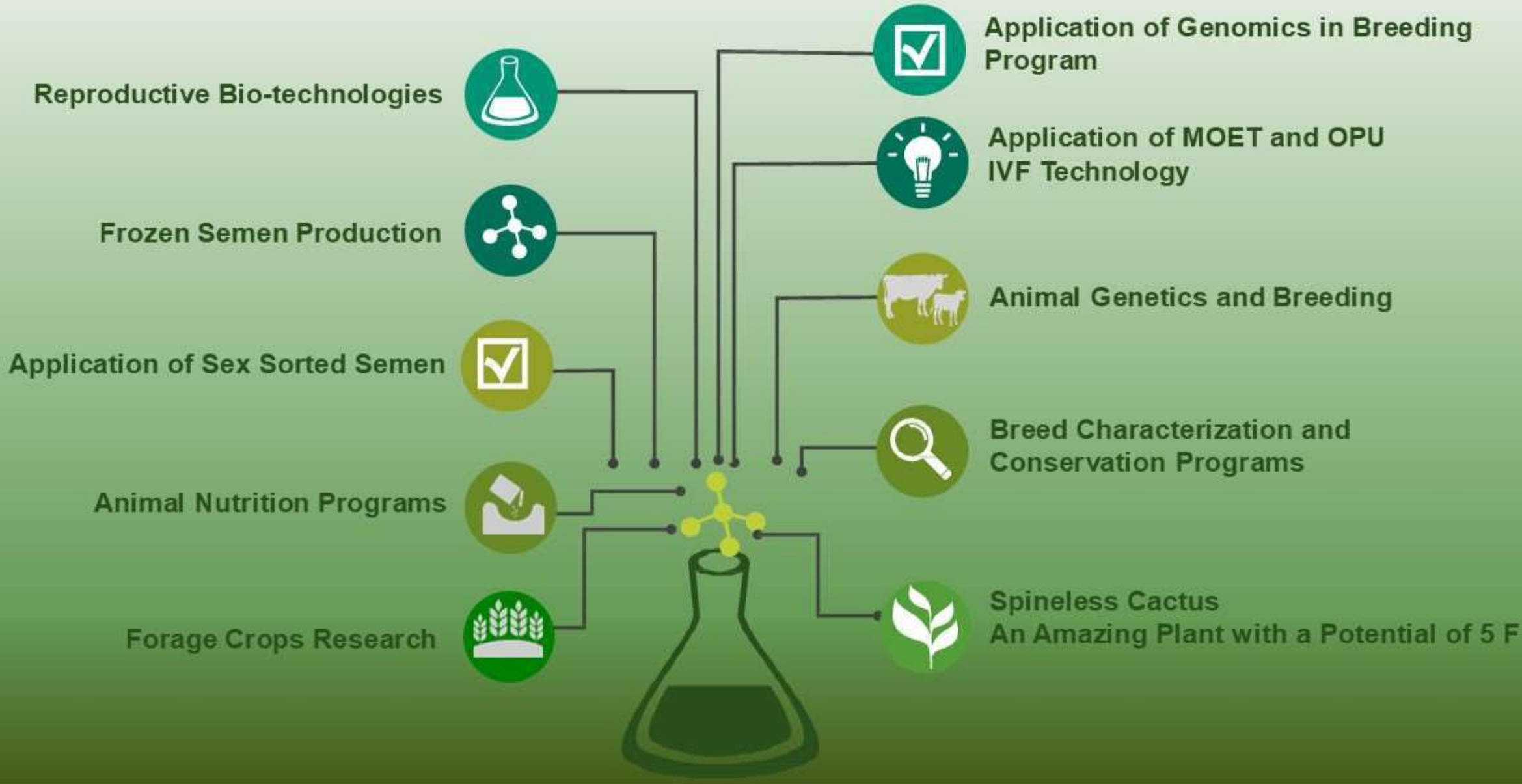
Self sustaining enterprise / organisations

RESEARCH AND INCUBATION

BAIF has been recognised by the ministry of finance ,
government of India u/s35(1)(ii) of the income tax act, 1961 for scientific research made to BAIF for carrying out research activities, will be eligible for deduction under Income Tax.

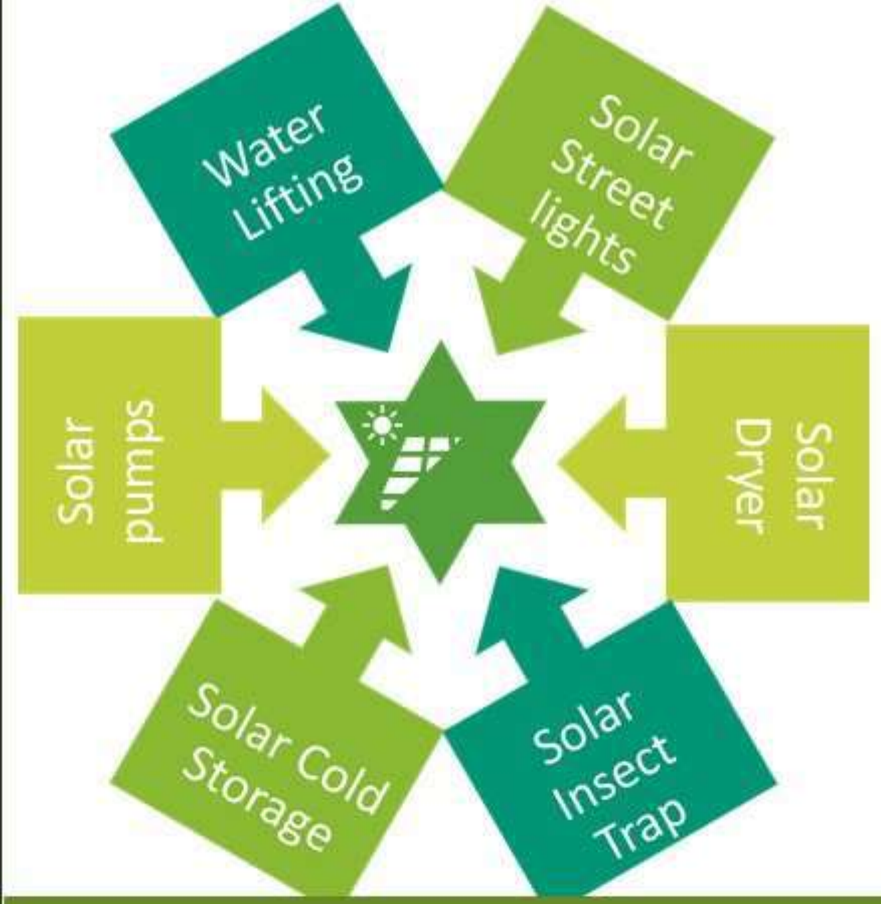
Based on the challenges identified in the field, we conduct targeted research at our campuses. We then apply these research findings directly to the field, ensuring practical and effective solutions.

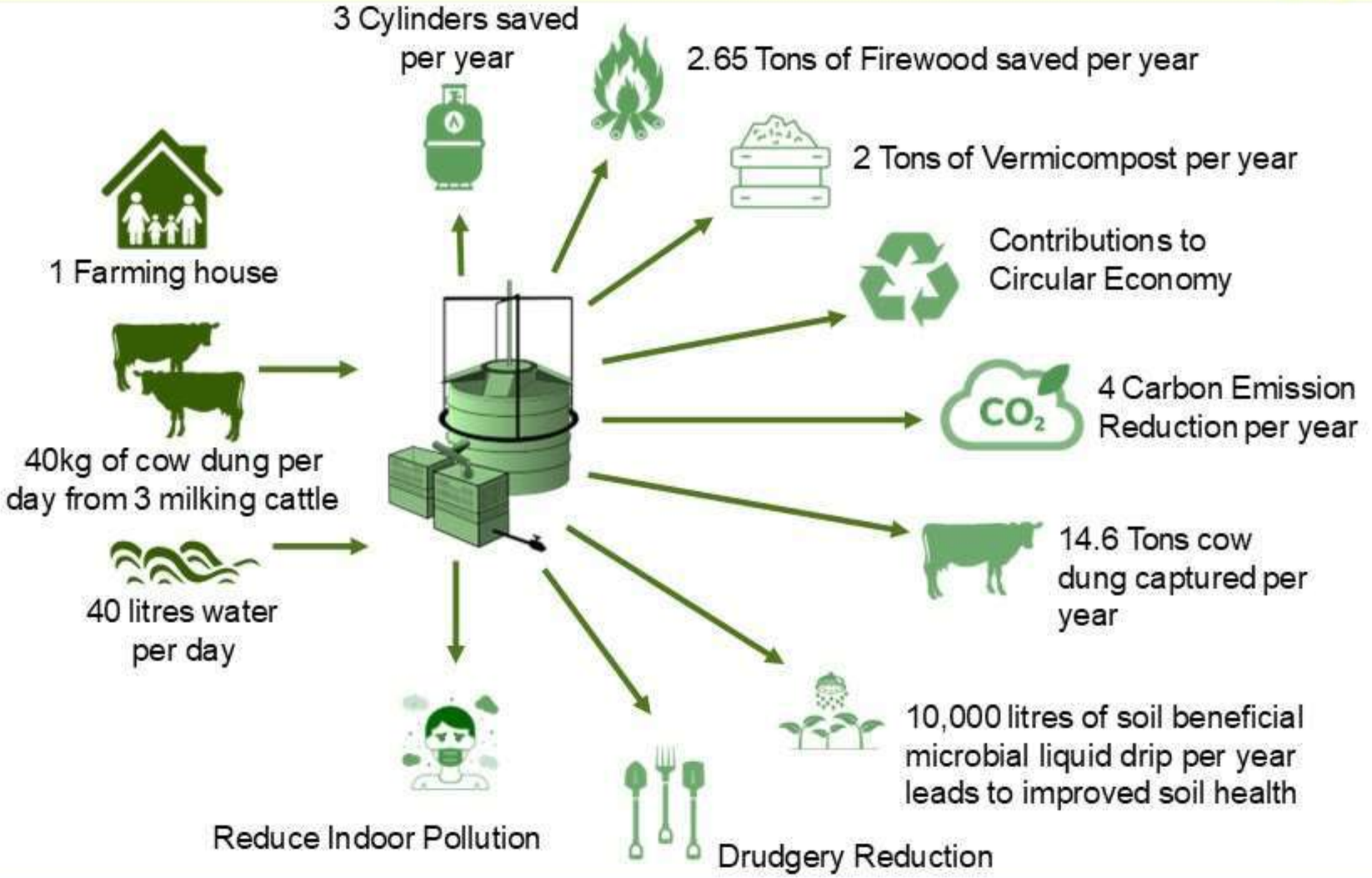
Scientific Research



Promoting Technology Based Solutions

On Clean and Renewable Energy





1 IRESA UNIT MULTIPLE BENEFITS

Women-Centric Development

APPROACH

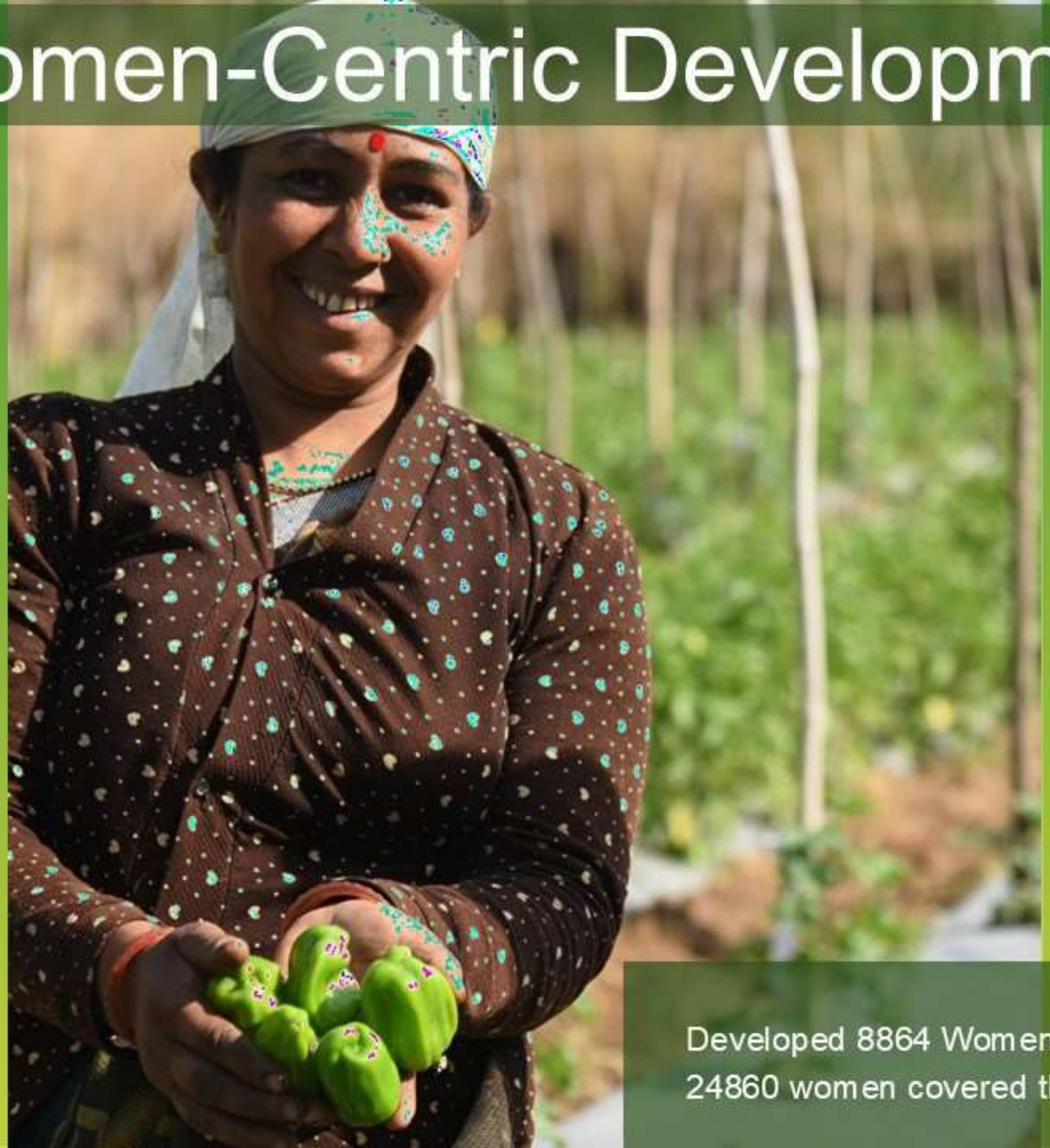
Sensitizing men and women

Empowerment of women in livelihood, nutrition, digital literacy, financial literacy etc.

Drudgery reduction at home and farm

IMPACT

Promoting participation in various social and statutory bodies



OUTREACH

12 States

37573 Women Covered

2486 SHGs

357 First Generation Women Entrepreneurs

Developed 8864 Women champion farmers

24860 women covered through Self Help Groups

Training and Demonstration

- Central Research Station, Urulikanchan, Pune, Maharashtra
- Lacchhakadi, Vansda, Navsari, Gujarat
- Amrai Campus, Jawhar-Nasik Road, Jawhar, Palghar, Maharashtra
- Peint Campus, Peint, Nasik, Maharashtra.
- Gramodya Training-cum-Research Centre, BIRD-K Campus, Sharadanagar, Tiptur, Tumkur, Karnataka
- Gram Chetana, Surashettikoppa, Off Bangalore-Hubli Highway, Kalghatagi, Dharwad, Karnataka

Alignment to Sustainable Development Goals

"Sustainability is not an option but a necessity for the future of our planet and its people."

- Dr. Manibhai Desai

THANK YOU

KEYNOTE COMMENTATOR

Hon. Charan Jeath Singh

Minister for Multi-Ethnic Affairs
and
Sugar Industry

Republic of Fiji

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