







## The Case for Climate Finance

Exploring Future Financing Opportunities for WASH CSOs

#### In brief

Water for Women (WfW) is unique in its role as an implementation and research fund that contributes to local, regional and global understanding of best practice in climate-resilient inclusive development. During the 2023–24 extension period, drawing on learnings from the implementation of climate-resilient and inclusive water, sanitation and hygiene (WASH) projects and research across the Asia-Pacific region, WfW partners sought to explore a fundamental learning question: What does climate-resilient inclusive WASH development look like?

As an extension to the <u>three dedicated learning initiatives</u> that considered this question, in response to a request from partners, WfW partnered with SAGANA on research into the international climate finance landscape and implications for climate-resilient inclusive WASH development. In exploring this, this partnership considered three more specific questions:

- To what extent should (inclusive) climate-resilient WASH interventions focus on climate risk elements?
- In what circumstances are a greater or lesser emphasis on climate risk appropriate?
- What are the implications of this for international financing of climate-resilient WASH?

This learning brief shares key findings and insight into **climate finance**, **including the current funding landscape** and its relevance to WASH actors.

- The rise of climate finance marks a transformative shift in the global approach to climate change, with significant implications for a wide range of stakeholders
- With global reductions in official development assistance, civil society organisations (CSOs) are under increasing pressure to find new sources of funding to support their work
- Climate finance can be obtained for climate-resilient inclusive WASH infrastructure projects, and CSO's can access other innovative financing pathways to enhance organisational sustainability.

#### **Contents** Overview of climate finance 5 5 Differentiating between climate adaptation and mitigation Flows of capital in climate finance 6 Bridging the gap between climate and WASH financing 7 Shifting financial landscape 8 CSOs and the climate finance landscape 10 Blended finance opportunities for WASH CSOs 11 Gender equity, disability and social inclusion and climate finance 12 How CSOs can advance WASH via climate finance 12 Overcoming obstacles to climate finance 13 Democratise climate finance funding windows to improve access for CSOs 13 Recommendations for climate funders 13 CSO perspectives on accessing climate finance 14 Recommendations for CSOs 14 Strategic partnerships for CSOs to access climate finance 15 Adapting to an evolving climate finance landscape: Recommendations for WASH CSOs 16 Conclusion 17 Climate finance resources 18 1. WASH climate finance projects in the Asia-Pacific region 18 2. Climate finance funders lists 18 3. Climate finance reports and guides 18 4. Asia Pacific climate finance reports and guides 19 5. Climate-Resilient WASH/CSO reports and guides 19 6. Policy agendas and metrics 20 7. Blended finance and WASH 20 **Endnotes** 21 **Featured projects** Spotlight 1: Overcoming water scarcity in the South Pacific 7 Spotlight 2: Vanuatu community-based climate resilience project 10

# List of figures Figure 1. Landscape of Climate Finance in USD billions, 2021-22 Figure 2. Overview of climate finance by classification 8 Figure 3. Bilateral ODA by sector

#### **Abbreviations**

ADB Asian Development Bank

APAC Asia Pacific

CPI Climate Policy Initiative
CSO Civil Society Organisation

DFI Development Finance Institution

GCF Green Climate Fund

GEDSI Gender Equity, Disability and Social Inclusion

GEF Global Environment Facility

GHG Greenhouse Gas

INGO International Non-Governmental Organisation

ODA Official Development Assistance

OECD Organisation for Economic Co-operation and Development
UNFCCC United Nations Framework Convention on Climate Change

UNICEF United Nations Children's Fund WASH Water, Sanitation and Hygiene

WfW Water for Women

#### Overview of climate finance

Climate finance can enable water, sanitation and hygiene (WASH) civil society organisations (CSOs) to not only sustain their current projects but enhance community resilience. However, to obtain this financing WASH CSOs need to understand the actors, dynamics and opportunities relevant to their funding needs.

Climate finance refers to local, national or transnational financing drawn from public, private or alternative sources (such as funds or multilateral banks) to support diverse climate change mitigation and adaptation activities.<sup>1</sup>

The types of funding available include grants, concessional loans, equity investments, and guarantees, with each serving different purposes and stages of climate action. They can support community-based initiatives, catalyse early-stage innovation, and underpin large-scale innovation and infrastructure development. Each type of funding plays a crucial role in the climate finance ecosystem.

#### Differentiating between climate adaptation and mitigation

It is important that CSOs identify funding sources and partners that match their climate-resilient inclusive WASH strategy and expected outcomes.

Climate change requires two key strategies: adaptation and mitigation. Adaptation involves preparing for and responding to the negative effects of climate change to reduce damage or seize new opportunities. It can include building structures to protect against rising sea levels, or increasing water storage capacity to prepare for anticipated increased drought conditions. Simply put, adaptation is about adjusting to both current and anticipated climate changes. While many people are already familiar with these concepts, it is important to outline them in the context of climate finance.<sup>2</sup>

Adaptation is about adjusting to both current and anticipated climate changes.

Climate adaptation interventions and approaches are integral to ensuring the sustainability, resilience, and effectiveness of WASH services – particularly high-quality water sources and sanitation infrastructure – in the face of climate change impacts. By integrating climate considerations into WASH planning and implementation, communities can better withstand and adapt to the challenges posed by a changing climate while safeguarding access to clean water, sanitation facilities, and hygiene practices. This is the space where CSOs typically work, focusing on enhancing community resilience and sustainability.

Mitigation means taking actions to decrease greenhouse gas emissions and enhance their absorption.

Mitigation means cutting down or preventing greenhouse gas (GHG) emissions to lessen climate change impacts. This can be done by replacing fossil fuelled energy with renewable energy, reducing waste and increasing recycling, creating cleaner transportation systems, or increasing forest areas to absorb more carbon. In short, mitigation means taking actions to decrease GHG emissions and enhance their absorption.<sup>3</sup>

Civil society organisations should map their WASH interventions against climate adaptation and mitigation themes to identify the funder best suited to supporting their work. Additionally, selecting the right adaptation and/or mitigation metrics and monitoring criteria will enable CSOs to measure climate and WASH outcomes.

#### Flows of capital in climate finance

While most sectors have seen a steady decline in official development assistance (ODA) funding, climate finance has grown steadily over the last decade, reaching USD1.27 trillion in 2022.4 Climate finance is a new way to fund essential WASH infrastructure and services to build a climate-resilient future.

Most climate finance is directed at mitigation; adaptation received only 7% of the total in 2021–22 (Figure 1). While the total available capital may seem large, an estimated annual increase of 590% is required to meet internationally agreed climate objectives by 2030.<sup>5</sup>

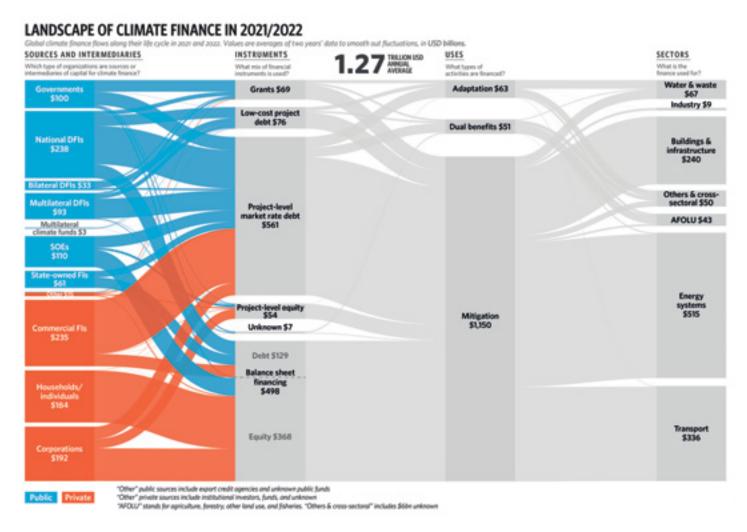


Figure 1. Landscape of Climate Finance in USD billions, 2021-22 (Climate Policy Initiative, 2023)

Figure 1 illustrates the amounts, sources, sectors and flow of global climate finance. Development finance institutions (DFIs) continue to invest the bulk of public finance, mostly issued as debt or equity, which are not suitable sources of capital for most CSOs. However, a growing amount of philanthropical capital is available to CSOs, increasing from USD30 billion in 2020 to USD69 billion in 2022.

An estimated \$67 billion of all climate finance is invested in the water and waste sectors, almost tripling since 2020. CSOs can access this capital to fund their programs, design and implement new interventions, or utilise their expertise to provide complementary services to other climate actors.

#### Bridging the gap between climate and WASH financing

The rise of climate finance offers WASH CSOs new opportunities to secure funding amid decreasing ODA. Climate change exacerbates water scarcity, reduces water quality, and increases the frequency of extreme weather events, all of which affect WASH services directly. With adequate climate finance, WASH CSOs can develop and implement resilient infrastructure and sustainable practices to give communities continuous access to safe water and sanitation despite climate disruptions. It is also essential to recognise that climate change affects communities and people within those communities in varying ways highlighting the need to incorporate both social and infrastructural aspects in climate-resilient WASH programs. The importance of gender equity, disability and social inclusion (GEDSI) for climate resilience is explored in the learning brief, The Criticality of GEDSI for Climate-Resilient WASH

Additionally, climate finance allows WASH CSOs to innovate and integrate climate adaptation and mitigation strategies into their programs, enhancing the sustainability and effectiveness of their interventions.<sup>10</sup>

#### Spotlight 1: Overcoming water scarcity in the South Pacific

Solomon Islands is tackling water scarcity and climate resilience with a USD92 million urban water and sanitation project. This initiative, funded by the Asian Development Bank (ADB) with co-financing from the European Union and World Bank, targets the Greater Honiara Area and five outlying towns: Auki, Gizo, Noro, Munda and Tulagi. The project aims to provide 95% of residents in the Greater Honiara Area with piped water by 2047. Key measures include upgraded water treatment facilities, two new reservoirs, rehabilitation of 10km of water supply pipes with leak detection, and new metered connections, reducing water loss by over 30% and increasing supply capacity and security.

Enhanced sanitation services will feature new pump stations, a reed bed wastewater treatment plant, repairs to ageing pipes, and network expansion to 3,000 additional households. These improvements are expected to benefit 84,520 inhabitants across a 22km² area, improving health outcomes, especially in informal communities, and incorporating gender-inclusive design features like menstrual hygiene awareness and workforce quotas. The project also aims to reduce GHG emissions through the introduction of efficient water supply systems and environmentally friendly wastewater treatment methods, contributing to the region's climate resilience and sustainable urban development. Through this project, actors will create both climate and WASH outcomes. For more information, see:

#### Shifting financial landscape

Civil society organisations need to learn how financial reporting of developed countries' aid is changing and how to identify new avenues for funding.<sup>12</sup> Climate finance is increasingly a vital alternative to traditional WASH funding, enabling CSOs to continue to alleviate the effects of climate change on WASH for vulnerable communities.

According to the Organisation for Economic Co-operation and Development (OECD) and World Bank, USD198 billion per year is needed to achieve universal access to high-quality WASH services in the Asia–Pacific (APAC) region by 2030.<sup>13</sup> The need for WASH financing is growing, but the same study indicates that ODA to the WASH sector has plateaued in recent years.

Figure 2 provides an overview of climate finance classifications. WASH-related bilateral and multilateral funding in APAC was USD3.3 billion in 2021, approximately half from bilateral ODA. Most WASH finance globally, and in APAC, has at least some climate aspect, with OECD estimating 78% of WASH ODA has a climate lens. ODA WASH climate finance can be categorised further using the Rio markers as 'principal objective' or 'significant objective', terms describing the extent to which financing aims to achieve climate-related goals.

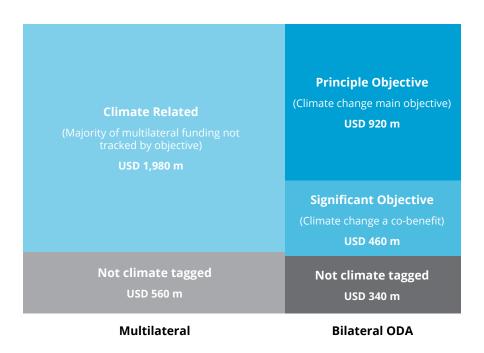


Figure 2. Overview of climate finance by classification (SAGANA 2024)

As Figure 2 shows, just over half (53% or USD920 million) of WASH ODA had a principal objective of tackling climate issues. The share of WASH funding for this principal objective is higher in APAC than the rest of the world, likely due to the Pacific's extreme vulnerability to climate change. Globally, only 27% of WASH ODA is tagged as having climate as a principal objective. In APAC, 27% (USD460 million) of WASH ODA was tagged as having a significant climate objective, indicating the project has a primary focus other than climate (e.g., livelihoods, health) and climate as a secondary goal.

While climate WASH ODA funding is diverse, a theme of resilience has been overlaid onto most funding strategies in recent years. According to OECD tracking, in 2023 virtually all climate WASH ODA globally was focused on either adaptation or adaptation and resilience (the latter category includes the Australian government's climate WASH finance approach).<sup>12</sup>

Climate finance has grown substantially over recent years, averaging 15% per annum. However, WASH financing (particularly ODA) has plateaued; WASH and resilience building receive small proportions of the total climate finance available (Figure 3).

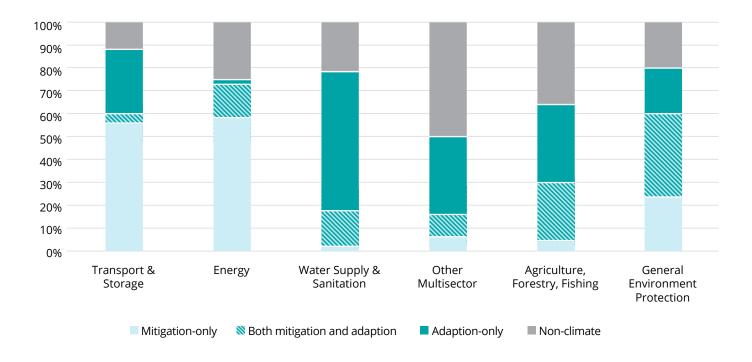


Figure 3. Bilateral ODA by sector (OCED, 2021)

Climate resilience funding is only identified as such if a principal or significant climate outcome is cited in project documents. Many initiatives that may enhance resilience focus on related themes (for example, inclusion, livelihoods) so may not be appropriately tagged and captured. Additionally, adaptation can be categorised at project and/or activity level, which may not be recorded accurately using the Rio markers. 19

It is critical that CSOs picture their activities within the landscape of climate and WASH financing and understand how to classify and align their work. In particular, CSOs need to think creatively to identify funding opportunities that suit their interventions.



Community WASH Committee members undertake community-based disaster risk management training in Daru, PNG Credit: World Vision Australia / Nicole Joseland

#### CSOs and the climate finance landscape

Civil society organisations can apply for various forms of climate finance, depending on their geographical location, capacity and alignment with donor priorities. Climate finance for CSOs originates primarily from public sources, including government grants, multilateral funds, and international development agencies. Private sources, such as philanthropic foundations, impact investors, and corporate social responsibility initiatives may also be available.

At the global level, initiatives like the <u>Green Climate Fund</u> (GCF) and the <u>Adaptation Fund</u> provide considerable funding for climate action, including CSO-led projects. These funds aim to mobilise resources from more developed countries to less developed countries to address climate change, with a portion of funding allocated for projects implemented by CSOs and other non-governmental actors. CSOs are likely to access this funding either directly or as sub-recipients of governments or international non-governmental organisations (INGOs). The WASH projects most commonly funded from climate finance are listed below.

- Water supply systems improvements provide communities with reliable clean water, such as the development or rehabilitation of water supply infrastructure, and the implementation of rainwater harvesting systems and groundwater recharge projects.
- Sanitation infrastructure development initiatives include the construction and upgrading of sanitation facilities, including toilets and sewage treatment plants, and the promotion of community-led total sanitation programs to eliminate open defecation.
- **Flood and drought management activities** include the implementation of early warning systems and infrastructure to mitigate the impacts of floods and droughts on water supply and sanitation, and/or development of integrated water resource management plans.
- **Climate-resilient infrastructure developments** may include the construction of climate-resilient WASH infrastructure, such as elevated water storage tanks and flood-resistant sanitation facilities, or wetlands restoration for natural water filtration and flood control.
- **Climate-smart agricultural interventions** to improve water supplies to maintain and/or increase agricultural productivity, enhance resilience to climate change, and reduce GHG emissions.

#### Spotlight 2: Vanuatu community-based climate resilience project

Vanuatu is extremely vulnerable to the effects of climate change. Most of the population depends on subsistence agriculture and fishing, activities threatened by climate change induced rainfall variability, droughts and sea-level rise.

Vanuatu received GCF adaptation funding in 2022 to implement a USD32.7 million, six-year program to increase the climate change resilience of agriculture and fishing in highly vulnerable rural and coastal communities. The project will also provide local access to climate information and early warning systems.

Key activities include establishing local disaster risk reduction committees; protecting and restoring 11,600 hectares of agricultural and fisheries sites; and training smallholder farmers in climate-resilient agriculture techniques and fishers in effective coastal resource management. Further information can be found on the <u>Green Climate Fund</u> website.

Collaborative initiatives and joint funding mechanisms enable CSOs to leverage resources, expertise and networks to scale up their climate-related activities and maximise impact. It is important to note that accessing climate finance often requires robust project proposals, strong institutional capacity, and demonstrated alignment with funders' priorities and objectives.

Civil society organisations (CSOs) may need to invest in capacity building, project development and partnership building to improve their competitiveness and eligibility for climate funding. In addition, WASH CSOs could provide private sector actors and climate finance investors with technical expertise, wrap-up around development programming and/or services to generate income.

#### **Blended finance opportunities for WASH CSOs**

Governments alone cannot supply the funds needed to tackle climate change; the private sector must help to close the funding gap. Blended finance is a strategy that uses public funds to attract private investment for development projects. It combines types of financing such as grants, loans and equity to reduce the risk for private investors and make projects more appealing. For example, a government might provide a grant to cover initial project costs, making it less risky for private companies to invest in the rest of the project. This makes more money available for important initiatives, like climate adaptation and mitigation projects, which might not have been funded otherwise.

Blended finance is an interesting opportunity for WASH CSOs, especially those with market-based approaches. Inviting private sector organisations to be implementing partners in a blended finance funded collaboration could generate funding for pilot projects and testing innovations, or providing wrap-up around development programming, interventions or support services to private sector actors.

Research has shown that 340 of 680 closed blended finance transactions from 2011-21 were aligned with a climate-related Sustainable Development Goal, representing approximately USD105 billion in total capital flows.<sup>20</sup> In comparison, blended finance for water and sanitation accounted for just 5% of total blended finance transactions by volume between 2017–19.<sup>21</sup>

Therefore, WASH CSOs looking to pursue blended finance should consider climate alignment in their intervention designs. Resources listed at the end of this brief can help WASH CSOs explore blended finance further.



Through an innovative collaboration between iDE's WASH and Agriculture programs, iDE designed a rainwater storage tank system for horticulture farmers and piloted it in rural Siem Reap, Cambodia. The tanks hold up to 10,000L of rainwater, enabling farmers to improve their water resource management in increasingly unpredictable seasons, protecting livelihoods and building climate resilience Credit: iDE / Claire Meyer

#### Gender equity, disability and social inclusion and climate finance

Applying a gender equity, disability and social inclusion (GEDSI) lens to climate finance is crucial to ensure that climate actions are equitable, effective and sustainable. Women and marginalised groups often face disproportionate impacts from climate change due to pre-existing social inequalities, yet they are vital in building resilient communities. The integration of gender into climate finance is increasingly recognised as essential for achieving equitable and effective climate action, but a broader equity and social inclusion lens is required.

Many CSOs recognise, assess and respond to the needs of women and marginalised groups. Consequently, they can be valuable contributors to mainstreaming GEDSI in projects designed to improve climate change mitigation and adaptation interventions. WASH CSOs can utilise this expertise in the design and development of their own programs, and in partnerships with private sector actors in the design of financing instruments and/or infrastructure.

Many international funding mechanisms, such as the GCF<sup>22</sup> and the Global Environment Facility (GEF),<sup>23</sup> have adopted gender policies and action plans to ensure that women and marginalised groups are included in climate-related decision-making and benefit from funded projects. These policies require gender analysis in project proposals, the inclusion of gender-disaggregated data, and the development of gender-sensitive indicators to measure impact. While progress has been made, more consistent implementation and the scaling up of gender-responsive projects are needed.

Success stories, such as the GCF funded Enhancing Community Resilience in Tuvalu project,<sup>24</sup> which prioritises women's participation in water management, demonstrate the potential of gender-integrated climate finance to foster inclusive resilience and sustainable development. CSOs have an important role in promoting and supporting GEDSI outcomes in relation to climate finance. They can support GEDSI mainstreaming by conducting gender-sensitive needs assessments, developing inclusive project proposals, and engaging with women and marginalised groups throughout project implementation.

#### How CSOs can advance WASH via climate finance

- Influence international policy development and commitments to ensure WASH outcomes are prioritised in climate finance agendas.
- Advocate at national level for the development and implementation of climate-resilient WASH policies and WASH-sensitive climate policies.
- Advocate for the allocation of public financing for climate-resilience WASH services and earmarked funding for CSOs.
- Access funding to implement demonstration projects, piloting new approaches and implementing them in new areas, and influencing policy (informing decision-making).
- Provide technical expertise to inform the development of blended and innovative financing instruments for achieving climate and WASH outcomes.
- Provide wrap-up around programming and/or technical assistance to private, impact or blended fund structures and/or instruments.
- Support public or private actors' to conduct risk and/or social assessments at the community level.
- Lead public consultations to feed WASH considerations into national, regional and international climate agendas and action plans
- Implement and/or scale up community-based climate-resilient WASH information and infrastructure projects and programs.
- Provide GEDSI expertise to project assessments and integrate GEDSI considerations across project lifecycles.
- Design and implement new, innovative WASH projects with climate as the primary objective.

#### Overcoming obstacles to climate finance

**Civil society organisations struggle to obtain finance, regardless of their sector or focus.** This section outlines some of the challenges that current funding windows pose for CSOs, and other constraints on CSOs' access to climate finance. Recommendations are outlined for both funders and potential recipients of climate finance.

#### Democratise climate finance funding windows to improve access for CSOs

Climate finance windows do not reflect the needs of CSOs. Most were developed using a top-down approach to climate finance with the aim of deploying large amounts of capital to recipients, and involve strict compliance and other requirements that are too demanding for small CSOs. Funding processes are complicated, lack transparency, and removed from the realities of climate action on the ground. A recent study showed that most CSOs were at 'moderate, high or very high risk for continuity due to the lack of programmatic or institutional funding.' Such obstacles prevent focus on longer-term priorities like climate resilience, which takes years to build and even longer to demonstrate. Additionally, most INGOs have better resources, networks and visibility than local CSOs, giving them an advantage in securing funding, despite the latter's typically deeper understanding of communities' needs.

#### Recommendations for climate funders

- Align reporting and governance requirements with other funders to ease the burden on CSOs.
- Create longer funding windows, aligned with the expected impact timeframes.
- Develop grant application processes that define climate concepts broadly, allowing applicants to do a wide spectrum of work.
- Assist CSOs to apply a climate lens to project development and implementation.
- Use diverse communication channels to advertise funding announcements to small and remotely based CSOs.
- Include principles of locally led adaptation such as collaboration, devolved decision-making, reducing structural inequities, and investing in local capabilities in grant design processes.
- Undertake cross-sectoral advocacy to create and improve links between climate resilience and WASH.



The Integrated Water Management (IWM)
Forums in Sumbawa and Manggarrai, established with support from Plan International, have planted more than 159,400 trees and mangroves in 22 protected areas and water sources. The forums have several divisions to respond to climate change issues in the WASH sector. The membership of Organisations of Persons with Disabilities, women's organisations, and Indigenous communities ensures that information and the rights of these groups are accommodated in activities and action plans Credit: Yayasan Plan International Indonesia

#### CSO perspectives on accessing climate finance

Civil society organisations face four types of complex challenges when applying for climate funding.

#### 1. Insufficient capacity to meet complex funding requirements

Lack of technical expertise and personnel mean many small to medium-sized CSOs struggle to participate in lengthy and complex grant application processes and craft detailed and compelling proposals. This reduces their ability to secure funding, especially when competing with larger organisations. In addition, donors' demands for financial accountability and impact reporting can be overwhelming.

#### **Recommendations for CSOs**

- Break down the application process into manageable steps, seek clear instructions and technical support, and enhance financial and impact measurement capabilities with technical assistance.
- Identify suitable technical partners for project co-design and/or implementation.
- Form partnerships with large organisations that have the institutional capacity to help you build your track record.
- Build cross-sectoral partnerships and multidisciplinary consortia when applying for funding, enabling sharing of expertise across climate and WASH.
- Engage with international funders to improve their understanding of connections between WASH and climate, including defining climate resilience and expanding other climate classifications.

#### 2. Bilateral funding requirements

Few funders prioritise gender, WASH and climate equally, forcing CSOs to apply to multiple funding pools. Reliance on a single funder is risky, but managing multiple funding sources can be complicated due to differing reporting requirements. Short-term grants are incompatible with long-term planning and sustainability, which are crucial for climate resilience projects.

#### **Recommendations for CSOs**

- Create a cohesive climate strategy, theory of change (ToC) and/or monitoring, evaluation and learning (MEL)
  framework that meets funders' requirements but is centred on your vision of a pathway to change, rather than
  funder-oriented design.
- Consider major funders' requirements for reporting and governance and align your own processes with the most common approaches.
- Identify joint funding opportunities that capitalise on the differing expertise of implementing partners and are likely to lead to longer funding windows for small CSOs that match your projects' impact timeframes.

#### 3. Narrow climate and impact definitions

Civil society organisations involved in WASH may struggle to integrate climate finance and resilience into their projects due to a lack of expertise. Moreover, the overlapping nature of WASH and climate resilience work can make it difficult to identify and access appropriate funding. Complex application processes for global climate funds can add to the challenge.

#### **Recommendations for CSOs**

- Look for grants with broad definitions of climate concepts, and seek technical assistance to incorporate a climate lens into project development and implementation.
- Identify relevant climate change impacts on current WASH programming in intervention countries to formulate evidence-based proposals.
- Assess current and projected climate risks and vulnerabilities affecting WASH infrastructure and services in target communities and incorporate them in the design of future programs.

#### 4. Funder and recipient disconnection

Large INGOs with substantial resources and visibility often overshadow local CSOs, despite their deeper understanding of community needs. Finding information about suitable funding sources can be difficult for CSOs based in remote areas. Climate resilience funding needs to adapt to local conditions and changing weather patterns, which adds complexity.

#### **Recommendations for CSOs**

- Monitor diverse communication channels for funding announcements.
- Incorporate locally led adaptation principles collaboration, devolved decision-making, addressing structural inequities, and investing in local capabilities in proposals.
- Strengthen organisational capacity in climate resilience, project management, MEL and financial management to meet climate finance donors' requirements.

#### Strategic partnerships for CSOs to access climate finance

Accessing climate finance may require new expertise or relationships. WASH CSOs should not try to shift suddenly towards a climate posture, but consider strategic investments in relationships that can build climate capacity and enable access to new and diverse financing opportunities. Form relationships with diverse climate-oriented stakeholders to build, enhance and complement existing operational capacity.

Partnerships could include:

- **Implementation partners** at the program level, to develop complementary and/or expanded interventions that bridge climate and WASH outcomes.
- Research partners, to help assess opportunities within your focus areas and/or geographies.
- **Technical partners**, which can support the design of new program interventions and/or support the design of innovative financing instruments.
- Funders interested in financing climate-resilient WASH programs.
- **Private sector entities**, such as businesses, corporates or investors, to co-implement approaches or to which CSO could provide services to generate revenue.

## Adapting to an evolving climate finance landscape: Recommendations for WASH CSOs



Learn how to market and package your programs for the changing financing landscape, and
 when to use a climate-resilient WASH lens or centralise climate outcomes that can create additional WASH outcomes.



Identify ways to adapt and expand current interventions to create additional climate outcomes.



Integrate climate metrics and/or outcome reporting into current ToCs and MEL systems to provide insights into climate outcomes that may appeal to funders.



Design new, innovative programs or interventions that centralise climate outcomes as the core objective of programming, rather than repackaging WASH activities as climate responsive for future programming.



Leverage expertise to support your climate finance agenda, including in new types of relationships or service offerings that could support climate finance actors and/or financing mechanisms.



Identify short-term and simple ways to obtain modest climate finance funding initially, but begin planning for more strategic adaptations and investments that will enable access to larger financing.



Invest in upskilling and relationship building with climate actors that complement your current organisational approach.

#### Conclusion

Climate finance is key to continuing and expanding vital WASH services. CSOs can embrace a variety of opportunities to adopt a climate lens that can improve their ability to access climate finance. They can adapt to current program approaches, design new interventions that have climate as the principal or significant objective, or provide technical expertise and services to other stakeholders engaged in climate finance transactions. In addition, robust climate-focused strategies that support adaptation and increase climate resilience, and/or reduce GHG emissions through more systemic and collaborative approaches with others, are vital.<sup>26</sup>

The climate finance sector is insufficiently aware of the importance of WASH to building climate resilience. Greater advocacy from the WASH sector to mainstream WASH considerations, expertise and needs into climate finance commitments, reporting requirements, classifications and financing is essential. Similarly, cross-sectoral advocacy to highlight the links between climate resilience and WASH is needed.

While the availability of climate finance for CSOs continues to expand, challenges such as complex application processes, low awareness of funding opportunities, and competition for resources persist. **CSOs should undertake strategic planning**, networking and continuous engagement with donors and stakeholders to secure and utilise climate finance to advance their climate objectives and contribute to sustainable development.



Every morning, it is often women and girls who are seen gathering around this roadside water tap of Narayan Municipality in Dailekh, Nepal, fetching water for their households' daily needs. The water gets thinner and the line gets longer during summer, impacting their day ahead Credit: International Water Management Institute / Vision Three Sixty / Bibek BK

#### Climate finance resources

#### 1. WASH climate finance projects in the Asia-Pacific region

Asian Development Bank (ADB), *100 climate actions from cities in Asia and the Pacific*, ADB, Philippines, June 2021. https://www.adb.org/publications/100-climate-actions-cities-asia-pacific

ADB, 2021, 'Flood Control in High-Risk Area of the Yangtze River Basin', 100 climate actions from cities in Asia and the Pacific, p127.

ADB, 2021, 'Hydropower Makes a Splash in Solomon Islands', 100 climate actions from cities in Asia and the Pacific, p7.

ADB, 2021, 'Overcoming Water Scarcity in the South Pacific', 100 climate actions from cities in Asia and the Pacific, p90.

Water for Women (WfW) & Plan International, *WASH and Beyond – Transforming Lives in Eastern Indonesia* [website], WfW, n.d. <a href="https://www.waterforwomenfund.org/en/project/yayasan-plan-international-in-indonesi-2018-2022.aspx">https://www.waterforwomenfund.org/en/project/yayasan-plan-international-in-indonesi-2018-2022.aspx</a>

WfW, *Climate-Resilient Inclusive WASH projects – 2023-2024* [website], WfW, n.d. <a href="https://www.waterforwomenfund.org/en/projects/projects.aspx">https://www.waterforwomenfund.org/en/projects/projects.aspx</a>

WfW, *Climate-Resilient Inclusive WASH Research – 2023-2024* [website], WfW, n.d. <a href="https://www.waterforwomenfund.org/en/research-and-innovation/research-projects.aspx">https://www.waterforwomenfund.org/en/research-and-innovation/research-projects.aspx</a>

#### 2. Climate finance funders lists

United Nations Framework Convention on Climate Change (UNFCCC), *List of recent climate funding announcements: updating in interactive graphic* [website], NDC Partnership, n.d. <a href="https://ndcpartnership.org/knowledge-portal/climate-toolbox/list-recent-climate-funding-announcements-updating-interactive-graphic">https://ndcpartnership.org/knowledge-portal/climate-toolbox/list-recent-climate-funding-announcements-updating-interactive-graphic</a>

ODI Think Change, *Climate Funds Update* [web resource], ODI Think Change, December 2022. <a href="https://climatefundsupdate.org/the-funds/">https://climatefundsupdate.org/the-funds/</a>

The National Lottery Community Fund, *Climate action funders* [website], Community Fund, n.d. <a href="https://www.tnlcommunityfund.org.uk/funding/programmes/climate-action-fund-round-2/climate-action-other-funders">https://www.tnlcommunityfund.org.uk/funding/programmes/climate-action-fund-round-2/climate-action-other-funders</a>

#### 3. Climate finance reports and guides

S Biegel & S Lambin, *Gender & Climate Investment: A strategy for unlocking a sustainable future*, Gender Smart and partners, February 2021. <a href="https://www.impactprinciples.org/resource-library/gender-climate-investment-strategy-unlocking-sustainable-future">https://www.impactprinciples.org/resource-library/gender-climate-investment-strategy-unlocking-sustainable-future</a>

B Buchner et al., *Global Landscape of Climate Finance 2023*, Climate Policy Initiative (CPI), November 2023. https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

Commonwealth Secretariat, *Toolkit to Enhance Access to Climate Finance – A Commonwealth Practical Guide*, United Nations Climate Change (UNCC), 17 March 2022. <a href="https://unfccc.int/documents/461219">https://unfccc.int/documents/461219</a>

UNFCCC, Climate Finance Data Portal [website], UNFCCC, n.d. https://unfccc.int/climatefinance?home

Urban LEDS, TAP, ICLEI & UN Habitat, *Climate Finance Reports and Tool* [website], ICLEI, n.d. <a href="https://iclei.org/e-library/climate-finance-reports-and-tools/">https://iclei.org/e-library/climate-finance-reports-and-tools/</a>

#### 4. Asia Pacific climate finance reports and guides

ADB, *Climate Finance Landscape of Asia and the Pacific*, ADB, Philippines, August 2023. https://reliefweb.int/report/world/climate-finance-landscape-asia-and-pacific-august-2023

CDP, *Asia Pacific cities climate finance snapshot* [web resource], CDP, 2024. <a href="https://www.cdp.net/en/insights/asia-pacific-cities-climate-finance-snapshot">https://www.cdp.net/en/insights/asia-pacific-cities-climate-finance-snapshot</a>

Commonwealth Secretariat, *Commonwealth Climate Finance Access Hub* [website], Commonwealth Secretariat, n.d. <a href="https://thecommonwealth.org/our-work/commonwealth-climate-finance-access-hub">https://thecommonwealth.org/our-work/commonwealth-climate-finance-access-hub</a>

C Hoon Lim et al., *Unlocking Climate Finance in Asia-Pacific: Transitioning to a Sustainable Future*, International Monetary Fund, 29 January 2024. <a href="https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/lssues/2024/01/29/Unlocking-Climate-Finance-in-Asia-Pacific-Transitioning-to-a-Sustainable-Future-541458">https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/lssues/2024/01/29/Unlocking-Climate-Finance-in-Asia-Pacific-Transitioning-to-a-Sustainable-Future-541458</a>

NDC Partnership, *Asia Pacific Climate Finance Fund (ACliFF)* [website], NDC Partnership, n.d. <a href="https://ndcpartnership.org/knowledge-portal/climate-funds-explorer/asia-pacific-climate-finance-fund-acliff">https://ndcpartnership.org/knowledge-portal/climate-funds-explorer/asia-pacific-climate-finance-fund-acliff</a>

UNFCCC, *Need-based finance for the Asia-Pacific region* [website], UNFCCC, n.d. <a href="https://unfccc.int/need-based-finance-for-the-asia-pacific-region">https://unfccc.int/need-based-finance-for-the-asia-pacific-region</a>

WfW, *Climate Finance for the WASH Sector in Asia-Pacific* [briefs], WfW, Melbourne, February 2023. https://www.waterforwomenfund.org/en/news/climate-finance-for-wash-in-asia-pacific.aspx

#### 5. Climate-Resilient WASH/CSO reports and guides

Caribbean Natural Resources Institute (CANARI), *Implementing climate change action: A toolkit for Caribbean CSOs*, CANARI, Port of Spain, 2022. <a href="https://canari.org/publications/">https://canari.org/publications/</a>

J Cobbing et al., *Climate Change, Risk and Resilience in WASH and Agriculture Projects*, USAID, Scale and Pro-WASH, 24 August 2021. DOI: 10.13140/RG.2.2.31446.57925

A Naafs & B Gezahegan, *Climate resilient WASH: working across SDG 6*, IRC International Water and Sanitation Centre, The Hague, 2022. <a href="https://www.ircwash.org/resources/climate-resilient-wash-working-across-sdg-6">https://www.ircwash.org/resources/climate-resilient-wash-working-across-sdg-6</a>

Millenium Water Alliance (MWA), *Learning Paper: Carbon Credits for Water, Sanitation and Hygiene (WASH) Interventions* [website], MWA, 27 March 2024.

https://mwawater.org/learning-paper-carbon-credits-for-water-sanitation-and-hygiene-wash-interventions/

United Nations Children's Fund (UNICEF), *UNICEF Guidance Note (climate resilient WASH)*, UNICEF, May 2020. <a href="https://www.unicef.org/documents/unicef-guidance-note-climate-resilient-wash">https://www.unicef.org/documents/unicef-guidance-note-climate-resilient-wash</a>

UNICEF & GWP, *Strategic Framework for WASH Climate Resilience*, UNICEF & GWP, 2022. https://www.gwp.org/en/WashClimateResilience

WaterAid, *Programme guidance for climate resilient water*, *sanitation and hygiene*, WaterAid, 20 October 2021. https://washmatters.wateraid.org/publications/programme-guidance-for-climate-resilient-water-sanitation-and-hygiene

World Health Organization (WHO), Climate-resilient WASH toolkit [website], WHO, n.d.

 $\frac{https://www.who.int/teams/environment-climate-change-and-health/climate-change-and-health/climate-change-and-health/climate-change-and-health/wash$ 

#### 6. Policy agendas and metrics

Global Impact Investing Network (GIIN), IRIS + climate change mitigation metrics [website], GIIN, n.d. https://iris.thegiin.org/

Monetary Authority of Singapore (MAS), Singapore-Asia Taxonomy for Sustainable Finance, MAS, 2023.

https://www.mas.gov.sg/news/media-releases/2023/mas-launches-worlds-first-multi-sector-transition-taxonomy

Principles for Responsible Investment (PRI), Climate metrics [website], PRI, n.d.

https://www.unpri.org/sustainability-issues/climate-change/climate-guidance-and-tools

Task Force on Climate-Related Financial Disclosures (TCFD), *Task Force on Climate-Related Financial Disclosures* [website], TCFD, n.d. <a href="https://www.fsb-tcfd.org/">https://www.fsb-tcfd.org/</a>

UNFCC, Conference of the Parties (COP) [website], UNCC, n.d.

https://unfccc.int/process/bodies/supreme-bodies/conference-of-the-parties-cop

UNFCC, Nationally determined contributions (NDCs) [website], UNCC, n.d.

https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs#NDC-registry

UNFCC, NDC Registry [website], UNCC, n.d. https://unfccc.int/NDCREG

UNFCC, The Paris Agreement [website], UNCC, n.d. <a href="https://unfccc.int/process-and-meetings/the-paris-agreement">https://unfccc.int/process-and-meetings/the-paris-agreement</a>

UNFCC, What is the Kyoto Protocol? [website], UNCC, n.d. https://unfccc.int/kyoto\_protocol

#### 7. Blended finance and WASH

Convergence, Blended finance primer [website], Convergence, n.d. https://www.convergence.finance/blended-finance

O Tkachenko & G Mansour, *Case study assessment: Blended Finance in Water, Sanitation and Hygiene (WASH) – Lessons for Development Partners* [project report], International WaterCentre, Griffith University, Lean Finance and Aguaconsult, Australia, 30 June 2021. <a href="https://watercentre.org/projects/blended-finance-for-wash/">https://watercentre.org/projects/blended-finance-for-wash/</a>

UK Foreign, Commonwealth & Development Office (UK FCDO), Convergence & UK Aid, *Blended Finance for Climate Report: How to Increase Private Investment for Climate Finance in Developing Countries*, UK FDCO & Convergence, 3 November 2021. <a href="https://www.convergence.finance/resource/blended-finance-for-climate-report:-how-to-increase-private-investment-for-climate-finance-in-developing-countries/view">https://www.convergence.finance/resource/blended-finance-for-climate-report:-how-to-increase-private-investment-for-climate-finance-in-developing-countries/view</a>

WfW & Research Triangle India (RTI), *RTI's blended finance and WASH series*, WfW, 2022. https://www.waterforwomenfund.org/en/news/rti-s-blended-finance-and-wash-series.aspx

World Water Council, Financing water [website], World Water Council, n.d.

https://www.worldwatercouncil.org/en/financing-water-0

#### **Endnotes**

- <sup>1</sup> United Nations Framework Convention on Climate Change (UNFCC), *Introduction to climate finance* [webpage], UNFCC, 2024. https://unfccc.int/topics/introduction-to-climate-finance
- <sup>2</sup> European Environment Agency, *What is the difference between adaptation and mitigation*? [webpage], European Environment Agency, 20 August 2024. https://www.eea.europa.eu/en/about/contact-us/faqs/what-is-the-difference-between-adaptation-and-mitigation
- <sup>3</sup> European Environment Agency, What is the difference between adaptation and mitigation?
- <sup>4</sup> Buchner et al., *Global landscape of climate finance 2023*, Climate Policy Initiative (CPI), 2023. https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/
- <sup>5</sup> Buchner et al., Global landscape of climate finance 2023.
- <sup>6</sup> DFIs are specialised institutions that fund development projects, often in developing countries, with the goal of promoting economic growth and reducing poverty. They include the World Bank, the International Finance Corporation, and regional development banks such as the ADB.
- <sup>7</sup> Most CSOs are unable to take on debt or equity financing, due to legal and administrative limitations associated with non-profit status.
- <sup>8</sup> Buchner et al., Global Landscape of Climate Finance 2021, CPI, 2021. https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2021/
- <sup>9</sup> Buchner et al., Global landscape of climate finance 2023.
- <sup>10</sup> J Cobbing et al., Climate change, risk, and resilience in WASH and agriculture projects, USAID, Scale & Pro-WASH, 2021. DOI: 10.13140/RG.2.2.31446.57925
- Asian Development Bank, 100 climate actions from cities in Asia and the Pacific, ADB, Philippines, June 2021. https://www.adb.org/publications/100-climate-actions-cities-asia-pacific
- 12 CSOs need to know what funding might be available, from whom, and what types of interventions are likely to be supported. Limitations of the Rio climate classification methods are outlined in UNFCCC, Assessing the credibility of how climate adaptation aid projects are categorised. See: <a href="https://unfccc.int/documents/91400">https://unfccc.int/documents/91400</a>
- <sup>13</sup> H Leckie et al., 'Financing water security for sustainable growth in Asia and the Pacific', OECD Environment Working Papers, No. 171, Organisation for Economic Co-operation and Development (OECD) Publishing, Paris, 25 March 2021.
  <a href="https://www.oecd.org/en/publications/financing-water-security-for-sustainable-growth-in-asia-and-the-pacific\_3bc15c5b-en.html">https://www.oecd.org/en/publications/financing-water-security-for-sustainable-growth-in-asia-and-the-pacific\_3bc15c5b-en.html</a>
- <sup>14</sup> Public Tableau, *Climate-related development finance bilateral provider perspective*, Public Tableau, 2023. https://public.tableau.com/app/profile/oecdondevelopment/viz/Climate-RelatedDevelopmentFinanceProvider2021/CRDFDP
- <sup>15</sup> Four Rio markers track activities targeting the Rio convention objectives two markers for climate change on adaptation and mitigation, one for biodiversity, and one for desertification.
- <sup>16</sup> European Commission, Short guide to the RIO markers [web resource], Capacity4Dev, January 2025. https://capacity4dev.europa.eu/info/short-guide-use-rio-markers\_en
- <sup>17</sup> Australian Government Department of Foreign Affairs and Trade (DFAT), *Counting Australia's climate finance*, DFAT, ACT, 2023. https://www.dfat.gov.au/publications/international-relations/counting-australias-climate-finance
- 18 R Weikmans et al., 'Assessing the credibility of how climate adaptation aid projects are categorized', *Developed in Practice*, 2017, 27(4):458–471, https://doi.org/10.1080/09614524.2017.1307325
- 19 S Raetz & A Buncle, 'Markers for change: monitoring criteria for climate resilience', AES Conference 2023, Brisbane, 29 September 2023. https://www.aes.asn.au/annual-conference-papers/2023-aes-international-conference-brisbane-presentations
- <sup>20</sup> Convergence, Blended Finance For Climate Report: How to Increase Private Investment for Climate Finance in Developing Countries, United Kingdom Foreign, Commonwealth and Development Office, London, November 2021. <a href="https://www.convergence.finance/resource/blended-finance-for-climate-report:-how-to-increase-private-investment-for-climate-finance-in-developing-countries/view">https://www.convergence.finance/resource/blended-finance-for-climate-finance-in-developing-countries/view</a>
- <sup>21</sup> World Water Council, *Blended Finance in the Water Sector Challenges and Attributes*, World Water Council, France, March 2022. https://www.worldwatercouncil.org/en
- 22 The GCF, in partnership with UN Women, developed a manual for mainstreaming gender into GCF projects. It also guides partners on how to include socially excluded and vulnerable communities in all aspects of climate finance. See: <a href="https://www.greenclimate.fund/document/mainstreaming-gender-green-climate-fund-projects">https://www.greenclimate.fund/document/mainstreaming-gender-green-climate-fund-projects</a>
- <sup>23</sup> The GEF launched The GEF Gender Partnership, a dedicated platform for knowledge exchange and learning about gender mainstreaming and integration into environmental projects. It offers a variety of publicly available research reports and practical guides. See: <a href="https://www.thegef.org/what-we-do/topics/gender">https://www.thegef.org/what-we-do/topics/gender</a>
- <sup>24</sup> With USD36 million from the GCF and USD2.9 million from the Government of Tuvalu, the 7-year Tuvalu Coastal Adaptation Project is strengthening the resilience of a country that is extremely vulnerable to climate change and sea-level rise. See: <a href="https://tcap.tv/">https://tcap.tv/</a>
- <sup>25</sup> United Nations Women's Peace & Humanitarian Fund (WPHF), *CSO Annual Survey on Women, Peace and Security and Humanitarian Action*, WPHF, New York, August 2022. <a href="https://wphfund.org/2022/10/13/global-new-survey-findings-highlight-challenges-for-local-womens-organizations-in-crisis-settings-inflexible-limited-funding/">https://wphfund.org/2022/10/13/global-new-survey-findings-highlight-challenges-for-local-womens-organizations-in-crisis-settings-inflexible-limited-funding/</a>
- <sup>26</sup> C Fouvet & A Granderson, *A call for action: connect civil society organizations to international funds to battle the climate crisis* [article], WTW, August 2023. https://www.wtwco.com/en-us/insights/2023/08/a-call-for-action-connect-civil-society-organizations-to-international-funds-to-battle-the-climate

#### **Acknowledgements**

This learning brief was co-developed by Water for Women and SAGANA. It builds on previous work by Water for Women partners to address identified knowledge gaps and support capacity building and learning exchange on the evolving international climate finance landscape. We thank Zahra Bolouri, Water for Women Knowledge and Learning Manager, and Milena Bacalja Perianes, SAGANA Senior Consulting Director, and Juliet McFadden, SAGANA Consulting Associate, who co-authored this brief and provided the research that underpins the guidance within.

Water for Women also gratefully acknowledges the dedication and ongoing work of our partners across Asia Pacific to deliver climate-resilient inclusive WASH for all, while navigating the challenges of our changing climate and the funding landscape.

Finally, we thank Mia Cusack and Bianca Nelson Vatnsdal (WfW Communications) for leading the graphic design and editing process of this brief.

Citation: Water for Women. (2025). Learning Brief: The Case for Climate Finance: Exploring Future Financing Opportunities for WASH CSOs. <a href="https://www.waterforwomenfund.org/en/news/the-case-for-climate-finance-exploring-future-financing-opportunities-for-WASH-CSOs.aspx">https://www.waterforwomenfund.org/en/news/the-case-for-climate-finance-exploring-future-financing-opportunities-for-WASH-CSOs.aspx</a>



First published in April 2025

This publication was funded by the Australian Government through the Department of Foreign Affairs and Trade. The views expressed in this publication are the contributing authors' alone and are not necessarily the views of the Australian Government.

#### Subscribe to receive further learning and resources



Sign up now wfw.fund/subscribe

### **About Water for Women**

Water for Women supports improved health, gender equality and well-being in Asian and Pacific communities through climate-resilient and socially inclusive WASH projects and research. It is the Australian Government's flagship WASH program, investing AUD159.9 million over seven years. Water for Women partnered with civil society organisations, research organisations and local partners to deliver 40 projects in 16 countries from 2018 to 2024. Knowledge and learning are central to Water for Women, positioning the Fund as an important contributor to global knowledge development and sharing in climate-resilient, inclusive WASH. Water for Women's Learning Agenda promotes collaborative learning, knowledge development and sharing to support long-term transformative change to WASH policy and practice globally.

Find out more at waterforwomen@ghd.com waterforwomenfund.org



















