

Multilateral Climate Funds Rarely Reach Vulnerable Communities – Can Inclusive Finance Service Providers Really Help? – English Transcript

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00:15

Welcome to our session on Financial Inclusion Week! Today, we're diving into a key question: why do multilateral climate funds often miss vulnerable communities, and can inclusive financial service providers actually make a difference? The Green Climate Fund definitely thinks so. There's a great quote at the start of CGAP's fantastic paper, "8 Billion Reasons," where the executive director really emphasizes the important role they see in this.

00:56

Inclusive finance is supposed to help get some of the funds from the Green Climate Fund out there, but right now, it's more of a nice idea than actual results. We're in a spot where the need for adaptation financing is 10 to 18 times higher than what's currently being funded publicly. If you look at this little graph, you can see that only about 6% of what's needed is actually being covered. Most of the money is still going to big projects instead of local adaptation efforts.

01:44

"Plus, less than 10% of the funds are actually getting to the vulnerable communities, and only 26% of the projects have a focus on gender issues. We've got a long way to go, and we really need to tap into private sector money because what the developed world has promised is way less than what's actually needed. Next, one way we can tap into private sector funds is by using blended finance."

02:26

We're basically looking at three main ways to use capital. First, there's regular financial leverage. Second, we can lower the weighted average cost of capital. And third, we need to find ways to cut down on risk. This kind of blended finance setup will be crucial if we want to attract private sector investment, since vulnerable communities are naturally higher risk. So, we really need to get creative with our financing strategies to help minimize that risk.

03:07

"We need to get private sector investment, which includes financial service providers that are inclusive. One big concern CGAP has is that private companies might pull out of communities hit by climate issues instead of helping them because they see it as too risky. So, tackling that risk is super important. Next, households need different financial services for their adaptation strategies, and those strategies will look different for everyone."

03:52

"Based on the type and frequency of climate events, if you look at a traditional risk management approach—like accepting, controlling, and transferring risk—you'll find that households will probably have to deal with the everyday low-severity events, even if they're happening more often. They'll likely rely on savings, remittances, and credit for financial support. But when we get to events that are medium in frequency and severity, we need to be more prepared."

04:31

I'm starting to think about how to manage things, and that brings us back to those blended finance options for credits and grants that help households adapt. We can see this in action, like with the increased use of salt-resistant seeds in Southwest Bangladesh or drought-resistant seeds in Africa for those rare but severe events. We're definitely looking at transfers, and traditionally that means insurance, but there are also some opportunities at the higher end.

05:20

"We're looking into financial options like guarantees and catastrophe bonds. For those rare but severe events, we're seeing organizations like BRAC in Bangladesh helping people move out of cyclone-hit areas and resettle them in safer towns and cities further north. Bringing all this together, I really believe there are some good connections between local adaptation efforts and financial services."

06:08

In a perfect world, we'd have these climate funds working alongside international impact funds using blended finance tools to provide financial services to community organizations and support local adaptation strategies. This is crucial because adapting is key to helping climate-affected households become more resilient. I think as the digital revolution moves forward, we can expect to see both of these things happen.

06:52

"Financial and data flows are moving back and forth, which helps financial institutions manage risk while also letting them lend to areas affected by climate change. With that, I'd like to introduce my amazing panel, who will dive deeper into these issues I quickly touched on. So, let's welcome Tita first. Tita, could you introduce yourself and your fantastic organization?"

07:39

"Good morning, good afternoon, good evening—no matter where you are, it's great to be here! I'm Tita Alvira, the Chief Partnerships and Programs Officer for Legado, which is an international NGO focused on climate justice. We work with indigenous peoples and local communities in Kenya, Peru, and soon Indonesia, helping them create their own solutions to live well and adapt to challenges. Thanks for having me; it's a pleasure to be here with all of you!"

08:17

Hey everyone, I'm Rohini Kamal from Bangladesh. Welcome! I'm with the Institute of Governance and Development, which is a research center under BRAC University in Dhaka, the capital of Bangladesh. I'm an assistant professor in the Master's in Development Studies program and I also lead our environment and climate research. Our work mainly focuses on the economic effects of climate change, looking at both the physical changes and their impacts.

08:53

People's reactions to physical changes can lead to adaptations, like changes in medication, especially in our workplaces and in response to climate change. This all happens within the current environmental, social, economic, and political contexts, paying special attention to how it affects different groups. Thanks a lot, Rohini and Peter. And thanks, Graham, for having me in this session. I'm Peter Zetterli, and I'm the climate lead at CGAP. I've been heading up our climate initiatives since we began focusing on climate change about three years ago.

09:26

When we first started exploring the link between climate change and financial inclusion, we honestly weren't sure what we would discover or how much they would overlap. But we soon realized just how crucial this connection is for both areas. Now, we're involved in a wide variety of activities related to it. I'll only cover a bit of that in this talk, so I encourage anyone interested to check out our website at ca.org/climate to learn more.

09:54

"There's a lot to discuss, but to answer your question, Graham, I believe there are major connections between climate change and financial inclusion that are really crucial for both areas. This is definitely one of the most pressing topics in financial inclusion right now, so I'm grateful to be here and excited to dive into it with the panel. Thanks a lot! I'm Graham Wright, the group managing director of MSC, which is a small but impactful consulting firm. We do a lot of work on climate change."

10:27

"Before we dive into the panel discussion, I just want to take a couple of minutes to talk about local adaptation. Unfortunately, Andrew from the Global Center on Adaptation is out sick with the flu, so one of our key panel members won't be here. When we think about adaptation, the best approach is for local governments and the communities impacted by climate change to lead the way."

11:08

"Let's team up to create a local plan for adapting to climate change. This is super important because climate impacts are usually specific to each area. Just addressing it at a national or district level often misses the real issues. Plus, as we know from TAA, local communities have valuable insights about how climate change affects them and how to deal with it. So, focusing on local adaptation is key."

11:53

We need to take the knowledge from the community and mix it with what local governments can do to improve adaptation plans and activities for each community. So, Tia, I'd like to ask you how community-based organizations can help with creating adaptation plans and providing financial services to households that are vulnerable to climate change. Thanks, Graham. I'm unmuted now. Yeah, thank you! I want to highlight what you just mentioned, Graham, about community-based organizations.

12:39

Organizations aim to boost the well-being of the communities they serve. They have local expertise, trust, and accessibility, and they rally the community around shared goals and initiatives. By getting a grasp on the local socioeconomic and environmental situation, they can pinpoint the specific financial needs of vulnerable communities affected by climate change and the hurdles they face in accessing financial services.

13:13

"Live so they can help people access financial resources and offer personalized financial products. For example, there's an organization in Peru called FAA Peru, which is a non-governmental microfinance group working in the Peruvian highlands. They collaborate with urban and rural women and youth who face social and economic challenges. They also partner with various community-based women's organizations."

13:49

Here's a more casual version of your text: "What are the roles they play? One of the key roles is promoting financial inclusion. This is important because they support women and young women who have been left out of formal financial systems. They make sure everyone is included by speaking up for the specific financial needs of these groups and ensuring they have access to financial services that consider their gender. They also offer tailored financial services, like family-focused options."

14:24

Individual loans, group loans, micro insurance, and savings programs are all important. Plus, a key part of what they do is teach financial literacy, offering training on things like using credit, managing loans, and understanding insurance. They help people develop entrepreneurial skills too. An important focus is boosting self-esteem, promoting social discipline and values, and advocating for women's rights. Through all these processes and training, they also encourage collective action by collaborating with organized community groups.

14:57

Helping members save and lend to each other like a rotating savings group, which builds resilience through shared resources. To sum it up, the roles include promoting inclusive finance, boosting financial literacy, facilitating collective action, and strengthening resilience through shared resources. That collective action is super important, especially when it comes to adapting to climate change. Rohini, sorry, Peter—what do you think about the role of inclusivity from your and C Gap's perspective?

15:32

Financial service providers help vulnerable households adapt to and bounce back from climate challenges. We believe that inclusive finance has a vital but often overlooked role in strengthening resilience to climate change and expanding climate action to include everyone, especially women. The main point is that financial services are essential for

enabling any actions people want to take on climate issues, just like they are for many other areas.

16:04

You mentioned this in your intro, but savings and credit products are essential for people. They help folks invest in cleaner technologies, adopt more sustainable practices, adapt to climate change, and build more resilient livelihoods. People need to gather working capital for these things, and savings and credit are what make that possible. Remittances and government payments are also crucial because they help households get through climate shocks without having to resort to negative coping strategies that could lead to worse situations.

16:31

Lowering development paths for good after a shock and being less ready for the next one. Insurance solutions, when available, really help improve risk management and allow for investment and livelihoods despite increasing risks. They help folks get back on their feet after a crisis. So, when we talk about local adaptation, we really believe that one of the best ways to support this is by putting resources directly into the hands of people who are vulnerable to climate change.

16:59

"Basically, when it comes to government support, it's about transferring cash or loans from banks to help people adapt to climate changes. If you really want to help communities adapt, you've got to put money directly into the hands of those who need it. Inclusive finance can make a huge difference here. From what I've seen so far in the climate space, a lot of the focus on local adaptation is still heavily tied to government actions and the involvement of development organizations."

17:29

It's great to be more inclusive, and that's super important, but we believe it shouldn't replace directly empowering people by giving them money to manage themselves. They should be able to decide how to use it. That's why we think inclusive finance is key. By making climate finance more accessible, we can not only boost climate adaptation but also encourage grassroots investments in green technologies. There's a common issue in the climate and adaptation fields, especially, that there's just not enough funding.

17:59

There's a lot of projects out there that can attract investment, but that view doesn't consider what the folks on the ground really need. People affected by climate change have a ton of actions they want to take, but they lack the funding to do it. The truth is, many green technologies are now cheaper and actually better for low-income communities, but they need bigger upfront investments than most people can save up for. That's where inclusive financing comes in—it can really help make those investments happen.

18:25

The solar space is a great example of progress. I recently saw that around 480 million people in developing countries now have access to clean energy, thanks to a smart mix of digital payments and embedded credit within the inclusive finance system. This really shows how powerful inclusive finance can be. But, as you pointed out earlier, the reality is that climate finance isn't very inclusive at the moment—95% of it is going toward mitigation instead of adaptation.

18:55

"Three-fourths of it is going to high-income countries. Multilateral funds often get a lot of flak for being super slow, taking years to actually use the money. It's tough to access, and they mostly hand out cash in \$500 million chunks to governments and development agencies. It's estimated that less than 10% of climate finance actually goes toward local climate projects, and that doesn't even guarantee it reaches the people who need it. In the inclusive finance space, we know how to get money into people's hands—we've got a whole system for that."

19:24

The ecosystem has taken decades to evolve, turning big global funding into smaller loans and services for low-income communities. When we talk about climate finance, a big issue is the lack of inclusion, and that's where inclusive finance can really make a difference. It's a great summary of the situation. As you mentioned, we already have the systems in place to provide these services to many people, but unfortunately not everyone affected by climate change is getting the help they need.

20:03

It's a shame that big multilateral funds haven't really tapped into these communities yet, but hopefully that'll change soon. Rohini, how has BRAC utilized its microfinance setup to provide financial services to households vulnerable to climate issues? In Bangladesh, NGOs like BRAC have a strong and extensive presence nationwide, especially through their microfinance program, which is actually the main way they're doing this.

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This means that there are really only a few communities in the country that the organization can't reach. It also means that they have a steady presence in those communities, which helps them come up with practical solutions that consider the real challenges people face. Plus, it allows them to experiment with new ideas. While the microfinance program is everywhere, it doesn't really help the poorest families, as many people here are aware.

21:11

You know, when it comes to microfinance, a big part of the population can't access it, especially ultra-poor families. Right now, they just can't get the help they need. Plus, the microfinance programs don't really cover all the climate needs either. So, I think NGOs like BRA are in a great position to use their wide range of programs—not just financial services, but also social safety nets, like we mentioned.

21:52

Disaster management, health education, and even small infrastructure projects are all connected. They show us how financial inclusion plays a role in the bigger picture and help us figure out how to make finance more accessible and better suited to tackle issues like climate change. We see a similar approach with the BRAC Ultra Poor Program, which combines financial access with other support services.

22:24

Bra's experience with crop and livestock insurance through its CCP program, which focuses on climate change, has shown that offering a bundled service is really beneficial. This package combines insurance with ongoing loan and savings products, making it easier for clients to manage their weather index insurance. The program also found it useful to provide clear, actionable guidance related to weather and climate info, helping to simplify complex details. This involves not...

22:59

"I'm translating the technical stuff but also linking it to practical advice for farmers. It's not just about insurance; it could also be about choosing the right crops or deciding when to harvest. For example, if there's a good chance of flooding earlier than usual, farmers might want to harvest sooner, switch crops, or get insurance. It's all about offering a range of options. Having someone who translates weather and climate info also provide these services boosts credibility. Another successful example we were just discussing..."

23:31

Before we went live, we talked about a guaranteed credit line in response to climate shocks. This was done with BRAC, working with Dr. Gregory Lane from the University of Chicago. It offered farmers a line of credit when a validated flood was expected during the upcoming agricultural season, before they made any cropping decisions. It turns out this helps because households are often hesitant to invest before a disaster hits, as they might have other needs.

24:04

"People have needs related to things like the cost of living, moving expenses, health issues, or housing damages. The experiment showed that farmers who had access to this credit line could make smarter investments ahead of time. After the flooding, they were also less impacted and the program ended up being profitable too. That's awesome! From my point of view, there are two main takeaways. The first one is about combining products and information, especially when..."

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We're lending to these at-risk communities and wrapping it up with some kind of insurance to lower the risk for the borrowers, which I think is really important. It also cuts down the risk for the lending institutions. Plus, as you mentioned, having access to these loans when a flood is expected lets you prepare ahead of time instead of just dealing with the aftermath, and that's made a big difference. Those contingent credit lines really help.

25:11

So, we've discussed some opportunities and success stories, but I also want to touch on the challenges we've faced. One big issue for those of us involved in local LED adaptation, especially with the outstanding UNCDF local program, is that it's mainly been focused on performance-based payments through grants. As I mentioned in my earlier presentation, the limited funding just isn't enough.

25:56

"Basically, we've either received what was promised or the remaining amount should be enough to meet all our needs for climate adaptation. That's why I keep bringing up the importance of getting the private sector involved. Rohini, I'm going to put you on the spot again right now to share Basis BRAC's experience. What have been the biggest challenges and pitfalls for inclusive financial service providers trying to deliver those services?"

26:35

"Climate-vulnerable households face a lot of challenges. One big issue we're starting to look at is the risk to microfinance institutions (MFIs) themselves. For example, if we see flooding that usually happens every 20 years becoming more common, how does that impact their performance? That's one concern. Then there's the community aspect, which is pretty clear. We're trying to figure out how to connect these two things and identify what's really needed."

27:08

I think I kinda mentioned that microfinance programs target a specific group and don't really reach the most vulnerable communities, at least in Bangladesh. So, the question is, how do we make financial services more accessible for those who really need them? I talked about the benefits of coordinating different programs and offering a variety of choices, which can also help reduce risks. But honestly, that's easier said than done; it's tough to plan and make it all work.

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"From a management perspective, the third thing is that even though a lot of innovations are being tested, the main products offered by these programs are still pretty traditional. There's not much variety at a large scale, not even for things that have proven to work, like the guaranteed credit line I mentioned. So, while a new product might be profitable on its own, when you compare it to typical microfinance operations, the opportunity cost could still be a barrier in terms of the time and effort involved."

28:10

So, unless the current business model and structure change, it's gonna be tough to test out new products that really fit these challenges and different groups. Also, any solution that doesn't address the underlying inequalities is likely to miss the most vulnerable people. And as TI already pointed out, financial literacy is a big issue. In Bangladesh, we've noticed that tech solutions are making a difference.

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The digitalization of financial services is super promising and can really bring a lot of benefits. However, it could widen the gap in access unless we also tackle the issue of women's literacy at the same time. In rural Bangladesh, women are about twice as likely as men to depend on others to manage their accounts. For example, programs like the Bra Alter Pro graduation program I mentioned have shown to be effective in dealing with climate shocks.

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In the long run, I think it's important because it combines financial services with a focus on training women to create PR networks and connect with government social programs. Even though making those connections can be tough, we're figuring it out as we go. Also, I want to talk about the reach issue you mentioned with Peter. We know that a lot of the current inclusive financial service providers aren't really functioning in the climate space.

29:57

Vulnerable areas, or even households that are hit hardest by climate issues, are often not seen as worth the risk. What do you think we should do to change this and get multilateral funds to support climate adaptation through inclusive financial service providers? Thanks, Graham, this is a really important question. Beyond just getting them to invest where they typically don't, I think the first challenge is to ensure that they continue to serve these communities.

30:32

Clients they're working with, like you said earlier, are a big concern for CGAP. We've been sounding the alarm about this for the past couple of years. Financial boundaries are going to start shrinking because of rising climate risks. As we dug into our initial work on climate, it became obvious that inclusive finance providers are dealing with a really tough and troubling challenge due to climate change and how it's affecting things.

31:01

All the providers are feeling the heat because their climate risk exposure is rising. They're under pressure from regulators and investors to cut back on that risk in their portfolios. The easiest way to do that? Pull back from clients who are heavily exposed to climate issues. But that's the exact opposite of what we should be doing right now. We actually need to support those vulnerable communities that are struggling with this crisis they didn't create.

31:29

So, we chatted with all the key players in the industry, and they've been opening up about some serious worries. They're stuck between making money, which they can't ignore, and sticking to their core mission, which is just as important. It seems like the providers who care less about their core mission are the ones who stress out less over it. But the folks in inclusive finance really care about their mission, and that puts them right at the forefront of things.

31:57

I'm trying to wrap my head around this and I can really feel the tension between these two conflicting forces. We've already seen cases where providers have stepped back from certain areas or sectors, including right here in the U.S., where it's becoming tough to get property insurance in many states, especially Florida and California. So, we're currently looking into what happened to the microfinance sector in Pakistan after the floods in 2002, and it's definitely confirming these concerns. We'll be sharing more about that soon.

32:24

But since this is just going to get worse, we're really worried that inclusive finance is being actively undermined. So what do we need to do? I see at least three ways climate funders can step in. First, and this might sound familiar, is to help financial institutions deal with their climate risk. There are different ways to do this, like direct risk sharing through first-loss capital guarantee schemes and things like that.

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That means inclusive lenders aren't taking on all the risk when it comes to serving communities that are vulnerable to climate change. If they had to shoulder all of it, they just wouldn't be able to do it. We also need to focus on developing and funding better ways for financial institutions to transfer risk, especially in climate-exposed areas. This includes options like portfolio insurance, which can cover your infrastructure, branches, and other assets. It's available, but it can get pricey.

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There's not much out there to help cover climate risk in loans, which is actually a big concern. However, there are some cool examples, like a fund that has a solution called Artist that they use for their own banks. I think we need to see more of that. This area is a great opportunity for both financing and the expertise that climate funders can offer. The next step is to create products and solutions that help clients manage these risks.

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They're concerned about climate risk, so we really want lenders to lower their portfolio risk by helping clients become less vulnerable. Lenders get this, but they don't really know how to do it since they aren't climate experts. Even using publicly available climate models requires skills that they typically don't have in-house. It's all about figuring out what adaptation options clients have and creating financial solutions that fit those options, along with input from climate players like climate funds and others.

34:13

We really need people in that space to step up and support the effort with both talent and funding to come up with better solutions, test them out, and scale them up. Plus, we need to get financial inclusion funders to put more money into climate initiatives. One thing we really need to see is more focus on climate from the current inclusive finance funders, especially when it comes to adaptation, because most green finance is all about mitigation, as we've talked about. We've chatted with several funders who are interested in this, but...

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They also have a tough time with the RIS and other practical issues about how to measure adaptation and resilience, and what metrics to use. So, climate funders and others in this field can really step up here. On one side, they can help share financial risks through guarantees against losses, and on the other, they can define the metrics for adaptation that funders and others can use for planning. Finally, they can help figure out what the right adaptation solutions are.

35:14

It seems like in this context, lenders really need to have that knowledge, and you're spot on about that. So, TI, let me ask you again—lots of community organizations have a tough time meeting the requirements to get, manage, and report on climate funds. There are just so many demands from these funds regarding accounting and reporting. What do you think can be done to tackle those challenges? Thanks, Grah, that's a great point.

35:52

"That's an important question, and I want to start by asking if these community-based organizations even know about these climate funds. Are they actually aware that these funds are available to them, and can they access them? It seems like that's not really clear, and they might not even be prepared for it. Plus, as you mentioned, that's a crucial point because a lot of the foundational planning is involved."

36:25

"Pay attention to how things are being set up. When funding goes to community organizations, it often comes from the top down and is really restrictive instead of empowering. It doesn't align well with the local strategies that actually work, forcing these organizations to go in different directions. What I've noticed is that the organizations we collaborate with aren't really supported in the ways they need."

36:58

Sometimes when money comes in, it doesn't really match up with what people actually need. The funds end up being set aside for specific people or certain outcomes. For instance, in our Indigenous communities in the Peruvian Amazon, they've been focusing on their well-being by working on sanitation systems and bringing water down from the mountains using their own resources. But the funds that are available don't really support that.

37:26

They can only use the funds for reforestation, so I just wanted to point out that we really need unrestricted funding. The community and the CB should be able to decide how to invest that money. Also, another important thing is that when the funds come in, they often come with a lot of red tape that doesn't match how local organizations operate or how they measure their impact.

37:58

What's happening is that it's just keeping the unfair power dynamics in place about who's leading, designing, and putting solutions into action. I've heard from a lot of community organizations in Eastern Africa and the Amazon that, to get funding, they've had to put in a ton of money and resources just to hire experts to write the proposals. Then they also have to build a whole team to support that.

38:31

"Manage the funds properly and stick to the rules, because that's really important. People feel disrespected when their needs aren't met, and the money isn't getting to the right places. This kind of behavior just ends up concentrating power and resources in the hands of a few organizations while leaving others out. Like you said, it's not that this money is reaching everyone who truly needs it, so they're really pushing for change."

39:04

Funders should connect with them and invite them into a fair and trust-based partnership. It's important to recognize their existing strengths and help them grow the skills they need. We should support them throughout this process by providing, as I mentioned earlier, flexible funding and making it easier to write proposals and reports. Let's tackle the risks together. Also, I wanted to point out that we've seen more of this happening lately.

39:39

"There are funds set up in the Global South that give money directly to communities, really addressing their priorities. For instance, there are funds like the Alliance Fund or the Social

Environmental Fund of the Global South, as well as many indigenous-led funds like the Panka Fund and the Aeni Fund. There are also more localized initiatives like the Mesoamerican Territorial Fund, and I want to highlight these."

40:11

They're here because they're genuinely acting like funds that support local organizations and communities, helping them respond to their needs and realities. They've really built a trusting relationship in the process. This is such a great point, and there's the Life AR project that DFID and others are working on, which is trying to do just that. I find it really interesting, especially since I know that in the UK we have some pretty extreme newspapers.

40:49

"People often claim that development funds are being misused, which is why development agencies have such strict project and accounting rules. We really need to find a way to bridge this gap; it's going to be an interesting challenge. Now, let's shift gears and discuss our vision for the future. We've gone over the opportunities and challenges, so Rohini, how can we make this more inclusive?"

41:26

Financial service providers are working on developing and scaling up finance for climate resilience. I think a lot of what you've said already touches on this. Given the needs out there, I believe there will be a growing demand to raise funds through capital markets, tapping into longer-term and more patient capital for climate initiatives. Unlike how NGOs operate, some effects of climate change and the effectiveness of solutions can really only be measured over a much longer period than what we typically consider.

42:04

Right now, we're looking at funding through project cycles with multilateral banks that are based in the Global South. I think they're in a better position to create these blended financial instruments. As DTO mentioned, we really need to find a middle ground— understanding the community's needs and the specific issues we're dealing with. The evidence we need is going to take a lot longer to gather than what's currently available, so we really need to move forward on that.

42:39

"That direction could really open up more opportunities for experimenting with targeted financing solutions aimed at different impacts in various places and for different groups of

people. Even when it comes to the same events, different households experience varied impacts and respond in unique ways, meaning different solutions might work better for them due to all these different dynamics. So, allowing for more of that would be super helpful based on our experience."

43:17

One thing that's been working is the Climate Bridge Fund, which got support from the German government through its KfW policy bank. They used capital grants to invest in government bonds, and then the interest from those bonds goes toward financing projects. So, maybe putting more of these funds in organizations based in the Global South would be a good way to move forward. Another point I often bring up is that a lot of the...

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Households need more time to adapt than the usual one-year working capital loans that microfinance institutions usually offer. So, we need to figure out how to let people borrow bigger amounts for longer periods to make those adaptations. How will Legado improve the ability of community-based organizations to direct funds to help communities tackle climate change? Thanks, Graham. Sorry, I had a bit of an issue and couldn't hear you, but I can hear you now.

44:40

"Alright, let me just start by mentioning that Legado is a climate justice organization. We work with indigenous peoples and local communities, along with their community-based organizations, in places that are super important for biodiversity, like Kenya, Mozambique, Peru, and Indonesia. What we do is help local organizations support their communities in coming up with and putting into action solutions that really benefit them."

45:14

"Landscapes and it's super important to remember that indigenous peoples and local communities are often the ones most affected and vulnerable to climate change. Yet, they've been doing a lot to stay resilient. The problem is, their knowledge and leadership often get left out when we're designing and implementing what we call climate justice solutions. So, what do we do? We actually work with them through a..."

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We're working on a process that really includes everyone, especially marginalized groups like women, youth, and elders. We're mapping out their strengths and challenges to help create spaces for reflection, learning, and analysis. This way, communities can set their

own priorities and come up with solutions that work for them as they tackle climate change. We call this a 360 or holistic community-led approach.

46:21

What I mean is that the solutions and priorities that come out of this learning and reflection process are really comprehensive and interconnected. We all recognize that to live well and truly adapt and support each other, we need a healthy environment, people's health, thriving livelihoods, and solid education, culture, and governance. It's all about thinking holistically, which is why we need to establish these interconnected priorities.

46:51

This shows how people really think about these priorities in the long run—they often end up at the bottom of the list. It's all about getting support from other communities and groups. Let me give you an example of the key priorities for a thriving future that have come out of this process. They're backed up by the strengths and resources the community already has, and also by the support from local organizations they collaborate with, along with the connections they can make to get access to more resources.

47:21

They're getting help from allies in the area, like the government or NGOs. So, let me tell you about the Samburu indigenous community in Northern Kenya, specifically in the Ingela Community Conservancy. They've been working on building a better future for themselves, and one big issue for them is that they've been hit hard by drought. One of their main goals is to diversify their livelihoods. They want to keep the healthy forests they have and work on restoring the land.

47:51

Degraded forests and soils help keep water sources and improve grazing patterns to adapt to the challenges of increasing drought, which is essential for pastoral communities. What stands out to me from that discussion is how important the community conservancy is. This is the area where they live, and it's a protected space that they can use directly, where they coexist with their animals. They are also actively involved and benefiting from it.

48:23

"Up north from the northern rangelands carbon project, they've managed to direct funds from their Carbon Community Fund to support what really matters to them. This is a big deal because they're the ones taking care of the carbon and also dealing with drought. They're using those resources to tackle their key priorities, like restoring grasslands,

managing invasive species, preventing erosion, and creating inclusive grazing plans that involve women and youth."

48:55

The young warriors, known as morans, called on the elders to figure out how to manage their grasslands and restore the forests using native species. They're getting support from carbon funds and country funds, and they're also working on multisectoral dialogues to tap into other opportunities. The goal is to put communities at the center and support their priorities so they can thrive and adapt to their needs.

49:29

"People are noticing changes, so I just wanted to leave it at that and say thank you. I can't hear you, Graham; I think you're passing the question to me. Sorry, I was just saying it's great to hear TAA talk about carbon credits—it's the first time that's come up in our discussion, and it could be really important. Let me ask you, Peter, how will CGAP help deliver climate funds through inclusive financial service providers? Thanks, Graham, and I'll keep it brief."

50:16

"Quickly, since I know we're running out of time, we're focused on this at every level. I'm working on helping financial institutions figure out how to deal with climate change—like using climate risk analysis to make better decisions instead of just throwing out a number about portfolio risk that they don't know how to handle, other than trying to lower it. It's about understanding their options for responding to climate issues and integrating climate change into their strategies."

50:47

We want to approach business strategically, making it a core part of what we do, rather than just a side project like CSR or compliance. We're focused on creating products and services that help our clients tackle climate change. So, we're putting together a flexible toolkit for inclusive financial institutions that addresses all these aspects. Plus, we have a global community where we're collaborating with major providers to learn and work through these challenges together.

51:17

We're also teaming up with a bunch of them at the country level to push and showcase innovative ideas that we can share across the industry as inspiration for others to build on. On top of that, we're trying to connect inclusive finance with global funders. We're reaching

out to funders in both areas to create solid partnerships that show what needs to be done, including using climate finance to help manage some of the risks we talked about.

51:47

It's a big win for climate funders if inclusive finance can attract more funding, especially the private capital we really need for climate action. We think it's a win-win situation, and we're looking for some examples to show the industry. We're also helping governments and their development partners figure out how to create financial systems that are more resilient and responsive to climate issues. We'll have a paper out by the end of the year that will present some new ideas.

52:16

We're putting together a guide to help figure out what you need in a specific market, plus a list of things that public or private players can do to address those needs. We're also diving into carbon markets and will have a paper on that soon, so if you're interested, keep an eye out! As I mentioned, we've got tons of info on ca.org/climate, way more than I can cover here. We're also looking into policy and regulatory stuff.

52:44

"Working with strong rural women and the agricultural supply chains to make them more resilient to climate change involves a lot of different factors. If you're interested, check out C app SL climate; it's updated regularly with fresh content. And feel free to reach out to me or anyone else at zap if you have any questions. Thanks! Great to see the work you all at CGAP are doing, and it's clear you're in a leadership role."

53:19

I'm really excited to see some real-world applications starting to pay off. We've got just a few minutes left, so I want to ask each of you for one key takeaway. If our audience could leave with just one thought from each of you, what would it be? Rohini, why don't you start? Uh, okay. I think coordination is key—like, coordinating across different areas and aligning priorities and ways of working.

54:04

You're setting up microfinance institutions that are mostly running like businesses now, and maybe they focus on climate resilience too, which should be just as important. It's about coordinating different needs. We've seen with the recent floods that having access to financial help doesn't matter if roads and hospitals are cut off, if emergency systems aren't ready, or if women can't make decisions or invest in or sell their assets.

54:35

Even though I have a microfinance account, I think the key takeaway here is the importance of coordinating between different pieces of the puzzle and managing various priorities. And if you want to leave the audience with one main point, I'd say the term "coordination" comes up a lot in our work. In Spanish, we say "articulación," which translates nicely in both French and Portuguese too.

55:11

If you think about it, it's not just about how we say things in English. It's really about how we work together, how we connect, and how we understand that everyone has their own skills and strengths at different levels. So, what are the chances we need to take to work together? As you mentioned earlier, Rohini, it can be tough because people are often stuck in their own little worlds. But let's break out of those silos and really start coordinating!

55:38

"Working together and focusing on the people is key in my job because it's the locals who are hit hardest by climate change, like you mentioned, Peter. They're also the ones with the solutions. So, we need to respect that and really put them at the center of things. It's all about coordinating efforts and making things happen since everyone has their own resources, methods, and knowledge. We just need to figure out how to combine those."

56:10

Synergies happen in a clear and integrated way. I just wanted to mention that. Also, I wanted to quickly point out that community-based organizations are often seen as too small to make a real impact over time, but that's actually not the case. It all comes down to their capacity, knowledge, and connections with local communities.

56:43

"It's important to build that trust because they are part of the local communities and can really get things moving. So, we need to put them at the center of everything when it comes to local adaptation. Thanks a lot, Tita and Peter! I totally agree with what Rohini just said. I feel the same way—there's a huge opportunity here for financial inclusion and the climate agenda. There's so much potential."

57:15

There's a strong connection between these two sectors, where each one has answers to significant challenges the other faces, but not much has been looked into. Part of the issue is that we've been slow to recognize the climate agenda and admit that we're just as

responsible as anyone else. We need to figure out what part we can play. On the flip side, a lot of people working on climate issues don't even realize that inclusive finance is a thing, let alone what we can do to help them achieve their goals. So, if there's one thing...

57:45

What I really want our audience to take away is the determination to start taking real steps to connect these two areas and help low-income communities face the challenges of climate change. Thanks a lot for having me! And just to add my final thoughts, we at MSC have been working closely with CGAP to really grasp what climate-vulnerable communities are going through and how they react, especially in terms of financial services.

58:18

They need to explore this because the current products offered by microfinance organizations just aren't cutting it. We really need to help them diversify and customize their offerings to tackle climate change. Plus, we need local strategies for adaptation that help inclusive financial service providers grasp the needs and adaptation plans of the communities so they can respond effectively.

58:59

It's all about developing products while also really knowing what they're funding, why they're doing it, and the risks involved. This way, we can create the right Blended Finance tools to support lending in these more vulnerable communities. With that in mind, I want to thank this amazing panel for letting me ask some tough questions and for their thorough and thoughtful responses. I hope everyone listening appreciates it too.

59:35

"Check out C Gap's website and Rohini's awesome site at Big D, along with Legado's site. Don't forget to visit MSC's website too; there's tons of useful info there. I'm sure you'll find it helpful. Thanks a lot, and good night or good morning, everyone! I really appreciate it. Thanks for the opportunity!"