
FORGOTTEN FRONTLINES

LOOKING AT THE CLIMATE FINANCE GOING TO FRAGILE AND
CONFLICT AFFECTED STATES IN 2019-20

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Iraq: Rivers were full, we used the water for the land. We even could drink directly from the rivers. It was clean water. People didn't need the water wells." Khalida explains that as water became scarce, they began to build wells, however, even these are now dry.

Paula González/Oxfam

Summary

Through analysing climate finance provided to 37 fragile and conflict affected states (FCAS) in 2019-20, we find that the scale of finance going to these contexts is far below what is needed, at an average of 13.64 USD per person per year, and much of it is of poor quality. Despite being responsible for a small proportion of emissions, in 2019-20, over half of the climate finance for FCAS came in the form of debt-creating instruments such as loans, and almost one-tenth was provided as non-concessional loans.

The case studies presented here (from Iraq, Syria, Somaliland and Burkina Faso) illustrate the complexities of accessing climate finance and delivering climate projects and programmes in countries facing conflict, but they also point towards solutions such as increasing small grants to local actors and communities to build resilience; much better collaboration and coordination between humanitarian, peace and climate actors in these settings; and the need for climate funds, such as the new Loss and Damage Fund, to embed conflict-sensitivity in their programmes and change their definition of risk for these settings.

Without these changes, countries and communities experiencing conflict or living in places with inadequate governance will continue to be left behind in the fight for climate justice.

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For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

INTRODUCTION

International climate finance offers critical support to communities and countries on the frontlines of climate change. Such finance is used to address climate damages, to adapt to unavoidable climate change and to advance low-carbon development pathways. Developed countries set a goal to deliver USD 100 billion (bn) a year in climate finance by 2020. Although this target is far beneath the actual needs of countries, it is still not being reached, meaning that the needs of those countries most affected by climate change are currently not being met.¹

Whilst this is a global problem, there is one particular group of countries that is gaining attention in climate finance discussions², commonly referred to as Fragile and Conflict Affected States (FCAS)³. Although there is no consensus on a wide-ranging definition, and some countries do not identify themselves as such, FCAS are mostly classified by institutions as countries with high levels of institutional and social fragility, and/or are affected by violent conflict. In these countries, states struggle to perform functions necessary to meet citizens' basic needs and expectations.

Such categorization is useful for analysis, but we recognize that some countries that are experiencing conflict are not on the FCAS list. We also recognize that conflict patterns can change rapidly within and between countries, meaning that such lists can also not be treated as static. For the purpose of this brief, we are using the World Bank's classification of FCAS⁴. Unlike other categorizations such as Least Developed Countries (LDCs) or Small Islands Developing States (SIDS), FCAS countries do not have a special mention under the Paris Agreement, and as such are not treated differently in negotiations or fund allocations. However, the lack of climate finance, or the lack of specific available climate finance data, to this group that is experiencing specific pressures, warrants closer attention.

FCAS are often rated to be amongst the most vulnerable to climate change. Under the ND GAIN index⁵, which measures vulnerability to, and readiness to respond to, the negative impacts of climate change, all 37 countries classified as FCAS in 2020 ranked 117 and lower - of which the lowest possible score is 185. A majority of 28 fell below 140 on the index⁶. This group of countries is likely to grow in the coming years. Whilst any type of conflict is hard to predict, the current trend is that the number of state-based conflicts has stagnated at a higher level compared to previous years⁷, and according to another study⁸, it is estimated that by 2030, two-thirds of the world's extreme poor will live in fragile states.

Yet, the way climate financing is organized provides serious challenges for FCAS. The United Nations Framework Convention on Climate Change (UNFCCC), the UN entity tasked with supporting the global response to the threat of climate change, operates within a state-centric framework in which nation states are treated as the primary vehicle for

¹ Oxfam (2023), [Oxfam Climate Finance Shadow report](#).

² A list of relevant and useful policy briefs, position papers, and reports on climate finance to Fragile and Conflict Affected States can be found in Annex B. These documents were consulted in the development of this brief.

³ We would like to acknowledge that FCAS are sometimes also referred to as FCS by some organisations, either also meaning Fragile and Conflict Affected States or Fragile and Conflict Situations.

⁴ [World Bank Classification of Fragile and Conflict-Affected Situations](#)

⁵ [Notre Dame Global Adaptation Initiative \(ND-GAIN\) Country Index](#)

⁶ Five countries were not on the list (Tuvalu, Kiribati, South Sudan, Kosovo, and Occupied Palestine Territories)

⁷ Oslo Peace Research Institute (2023), [Conflict Trends: A Global Overview, 1946–2022](#).

⁸ Development Initiatives (2023), [Global Humanitarian Assistance Report 2023](#).

implementing activities. This poses a challenge for FCAS countries where state level governance structures are by definition already categorized as weak, or in some cases, where government structures are not internationally recognized.

Climate finance tends to be implemented on project-basis and normally focusses either on mitigating the effects of climate change and/or adapting to the impact thereof. In addition to bilateral climate finance provided by governments of rich countries, multi-lateral development banks and specific climate funds, such as the Green Climate Fund (GCF) or the Global Environment Facility (GEF), also finance climate projects. The stringent application processes that climate finance brings with it means that it is hard for authorities in FCAS to comply and therefore access the funds.

As found in Oxfam's recently published briefing paper⁹, the barrier to receiving GCF funding appears to be less about prioritization and more about states' ability to apply for and implement such projects when violence and fragility have degraded institutional capacity and potentially donor trust as well. Factors beyond vulnerability – including project proposals, fund management capacity and institutional history – impact the way in which climate finance is distributed across regions, potentially disadvantaging the most vulnerable nations in terms of access.

In addition, climate financing often omits conflict-affected locations within a country. Whereas some parts of a country could be severely affected by conflict, other parts might be relatively stable. This not only reflects the fact that conflict-affected zones in a country are often excluded to mitigate risks¹⁰ but also, that hardly any of climate financing in FCAS goes to locally led initiatives and organizations, leading to potentially damaging effects for communities. There is a lack of transparency on climate financing reporting, especially in conflict affected areas or areas outside government control, making it hard to make distinctions of climate finance reach within countries.

There are several straight-forward explanations for the challenges of FCAS countries to attract sustainable climate finance. Donors and international finance institutions have a risk averse approach to such areas, concerned by relatively high costs, safety and security of staff, that any investment might be misappropriated or that funds would have a negative impact on the ongoing conflict – especially in areas outside government control or those under the control of non-state armed groups, or when the government is unwilling to protect its population.

For developing countries and the global financial system there are several additional macro-financial risks that include the sustainability of debt¹¹ or concerns about state institutions lacking the public financial management systems to mitigate financial fiduciary risks, including on fraud and corruption.¹² The lack of capacity of state institutions, for example due to high staff turn-over, and the absence of minimal socio-economic and climate data, further limits the ability to design high quality programmes¹³, and thus ultimately the ability to attract more climate financing.

⁹ Oxfam (2023), [Leaving No One Behind: A green bargain for people and planet](#).

¹⁰ ICRC (2021), [Working together to address obstacles to climate finance in conflict and fragile settings](#); discussion paper for a virtual expert roundtable, which based this point on findings from: Cao, Y., Alcayna, T., Quevedo A. and Jarvie, J. 2021. Exploring the conflict blind spots in climate adaptation finance - synthesis report. Supporting Pastoralism and Agriculture in Recurrent and Protracted Crises; IIED 2021. Access to climate finance; workshop report (theme 2). London: International Institute for Environment and Development; and Sitati, A. Joe, E., Pentz, B., and al. 2021. "Climate change adaptation in conflict-affected countries: A systematic assessment of evidence." *Discover Sustainability* 2(42).

¹¹ IMF (2022) [Staff Climate Notes: Mobilizing Private Climate Financing in Emerging Market and Developing Economies](#)

¹² SPARC (2021), [Exploring the conflict blind spots in climate adaptation finance](#).

¹³ Idem

Whilst such concerns are understandable, there is a risk of perpetuating neo-colonial classifications of countries and ignore the complex layering of fragility that can exist in one country alone. At the same time, recognizing these concerns presents the climate finance community with an opportunity to counter current practices that make it hard for FCAS to access climate finance. As such, ways can be found to serve communities affected by both climate change and conflict in a much fairer, conflict sensitive and efficient way, and even to use climate financing to promote more peaceful societies.

As this brief explores, despite severely challenging, fragmented contexts and crippling risk aversion by financial actors, communities in FCAS countries are in strong need of climate finance and have sound ideas as to how climate finance could reach them, and how climate action in their context could also lead to more peaceful coexistence. The data presented in the brief confirms that FCAS are not receiving enough climate finance to adequately adapt and mitigate climate change, and that the current loan-based system also affects FCAS' public finances, whilst also putting pressure on limited humanitarian resources.

DATA ON LATEST REPORTED CLIMATE FINANCE GOING TO FCAS

For the data in this section, we used the World Bank's 2020 list of 'Fragile and conflict-affected situations' and the OECD's Creditor Reporting System dataset to understand how much climate finance, and in what form, went to the 37 countries classified as 'FCAS' in the latest reported climate finance (2019-20). This is the latest year of reported climate finance that we had access to. Data pertaining to the Humanitarian Response Plans (HRP) was obtained from the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service for the year 2020. For all calculations of average, the median was used to account for the skewed nature of the data. A full overview can be found in Annex A.

The amount of climate finance to FCAS is far below what is needed

In 2019-20, an average total of USD 6.26 billion in climate finance was provided annually to the 37 FCAS. This results in roughly USD 91.42 million per FCAS, but there is huge variability in what each FCAS receives.

It is no secret that levels of climate finance support going to developing countries are woefully below what is needed to limit global heating below 1.5 °C and deal with escalating climate-induced impacts. The initial needs determination report (NDR1), a report that looks into the needs of developing countries to implement the convention on climate change and the Paris Agreement, released in 2021 by the UNFCCC, revealed significantly greater needs than the USD 100-billion-per-year climate finance goal, even though a majority of countries had not estimated the full extent of their needs.¹⁴

Despite being an underestimate of need, the published financial requirements of developing countries to deal with climate change are still significant: NDR1 sums a financial requirement exceeding USD 5.8 trillion for the years leading up to 2030¹⁵. With more than half

¹⁴ UNFCCC (2020). [Executive summary by the Standing Committee on Finance on the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement.](#)

¹⁵ Idem

of the actions outlined in Nationally Determined Contributions (NDCs) lacking cost estimates, it is reasonable to infer that the actual financial needs are considerably higher.

Yet developed countries are behind on providing even their long-promised, and insufficient, USD 100 billion. Oxfam's recent climate finance shadow report shows that while contributors claim to have mobilised USD 83.3 bn in 2020, the real value of their spending was – at most – USD 24.5 bn. This difference is because contributor estimates include projects where the climate objective has been overstated or as loans cited at their face value.

The share of total climate finance in 2019-20 going to FCAS was 10.1% and across all of these countries an average of 13.64 USD per person each year was provided in climate finance (compared to 22.77 USD per person for non FCAS countries). When zooming in on FCAS countries experiencing conflict, the average annual climate finance received drops to 6.68 USD per person.¹⁶ The annual average of climate finance received for FCAS was USD 91.42 million and the average for non-FCAS countries was USD 153.45 million. But, as seen in the table in Annex A, there is high variation between FCAS (and all countries) in terms of how much climate finance was received. At the higher end of the scale, Tuvalu received roughly 1,083 USD per person whereas at the lower end Syria received 0.67 USD per person in climate finance.

This could be explained by further looking into the fragility of each country. A UNDP study¹⁷ concluded that when measuring funding per capita, extremely fragile states received on average five times less finance from the climate vertical funds¹⁸ than fragile states. One could also argue that when looking at fragility and conflict contexts more locally, an even more unbalanced picture would emerge, as fragility and conflict also vary within countries. Locations within a country that is experiencing heavy conflict for example, as supposed to a capital city of that state, are likely to receive an even smaller share.

However, the overall picture is clear: across the board, FCAS are not receiving the level of financial support required to properly deal with climate change and as the case studies below detail - the overall number of climate finance a country receives does not paint the full picture of who is able to access those funds.

FCAS are at high risk of debt distress and yet are being given debt-inducing loans in the name of 'climate finance'

Of the climate finance provided to FCAS in 2019-20, over half was given in the form of debt-creating instruments and 9.4% was provided as non-concessional loans.

A concessional loan has preferential terms, such as a below-market interest rate and several years' grace period for repayment, from which a grant equivalent can be calculated. Non-concessional loans don't cost anything to the lender (except in the case of default) and are not on terms generous enough to be categorized as Official Development Assistance (ODA).

Countries and communities in the midst of conflict, and with under-resourced institutions and public services, should not be forced to repay loans to protect themselves from a crisis they are not responsible for. This is not only deeply unjust, as they have produced a tiny proportion of emissions, but it also risks increasing the already unsustainable debt

¹⁶ For all calculations of average, the median was used to account for the skewed nature of the data. For population estimates, we used 2020 figures of populations from the [World Bank](#). For non-FCAS countries included in the OECD DAC CRS estimates this resulted in a total of 90 countries.

¹⁷ UNDP (2021) [Climate Finance for Sustaining Peace: making climate finance work for conflict affected and fragile contexts](#).

¹⁸ The "vertical funds" are development financing mechanisms which allocate resources, derived from different funding sources, to single specific issues or themes. For climate change, there are four main 'climate' funds: the Adaptation Fund, the Climate Investment Funds (CIF), the Global Environment Facility (GEF), and the Green Climate Fund (GCF)

burdens these countries are dealing with and entrenching them in a cycle of aid dependence.

For example, Nigeria and Myanmar received 31.9% of all climate finance going to FCAS in 2019-20, but the majority of this finance was not provided in the form of grants. 87% of climate finance for Myanmar came in the form of debt-creating instruments, and the figure was 95% for Nigeria (20% of the latter came as non-concessional loans).

In 2022, 78% (29 countries) of FCAS were classified as being at medium or high risk of debt distress – and of these, five were listed as already being in debt distress. Debt distress usually refers to countries that have defaulted on their public debt. This leads to cuts in public spending, which often has devastating consequences for the people living in that country – particularly groups that are already marginalised.

Lenders don't want to lend to countries that may have difficulties in paying them back, as is the case for most FCAS. The International Development Association (IDA), the part of the World Bank that receives donor money to enable it to disburse concessional loans and sometimes grants to low-income countries, has a policy to give only grants to countries in or at high risk of debt distress, half grants and half concessional loans to countries at moderate risk of debt distress, and only concessional loans to countries at low risk of debt distress.

Other multilateral development banks have similar policies, although not always the donor funding to disburse much-needed grants. It is therefore not surprising to observe a link between the level of debt distress and the proportion of climate finance that takes the form of grants (see table in Annex A). But there are notable exceptions: Cameroon, Comoros, Republic of Congo, Guinea Bissau, and Liberia are countries that should receive more grants based on that IDA rule.

Moreover, the World Bank only ranks low-income countries by level of debt distress. Although it also avoids giving loans to over-indebted middle-income countries, its screening process for these countries is less transparent. Nigeria and Lebanon are two examples of middle-income countries that should not be made to borrow more, yet they received most of their climate finance as loans.

Overall, Oxfam assesses that two billion people – a quarter of humanity – live in countries that should not borrow any more due to their levels of debt distress.¹⁹ Moreover, the real climate finance needs are much bigger than the promised USD 100 bn, such that, under current policies, even countries that are at low risk of debt distress today could quickly get overindebted just to meet the climate challenge that they did not create – leaving aside their development needs.

FCAS are generally also facing humanitarian crises, leading to competing needs between climate and humanitarian sectors

The average donor coverage to UN humanitarian appeals issued for FCAS in 2020, was 69.6%.

Not only are FCAS countries facing huge shortfalls in climate finance required, the majority of them also face huge humanitarian funding shortfalls. All of the FCAS countries except

¹⁹ Two billion is the sum of the population of 40 low-income countries that the IMF and World Bank rate either "in debt distress" or "at high risk of debt distress" (which makes them ineligible to get loans from the World Bank and receive grants instead), plus half of the population of 22 low-income countries rated "at moderate risk of debt distress" (which receive half their World Bank support in the form of grants and half as concessional loans), plus the population of 23 middle-income countries of which the sovereign bonds are currently traded at a yield of over 10%, plus the population of eight low or middle-income countries that are shut off international financial markets such that they have neither ratings from the WB/IMF, nor internationally-traded bonds.

for Kosovo had a humanitarian response plan in 2020, meaning they were facing extraordinary difficulties which were beyond the capacity of their state to respond to.²⁰

Total UN humanitarian assistance needs for all FCAS who issued appeals in 2020 were USD 23.17 bn, and a shortfall of 30% means that almost USD 7bn in emergency relief and support was not provided to these countries in that year. This represents more than was provided in climate finance.

Oxfam has argued that now may be time for a ‘Green Bargain’ that brings together climate finance mechanisms and humanitarian donors to address the financing gap in responding to the needs of people in FCAS resulting from the climate crisis²¹.

Multi-lateral Development Banks play the largest role in providing finance to FCAS, following the same trend as overall climate finance

Table 1: Who is providing climate finance to FCAS

	<i>Annual average (USD)</i>	<i>Share of total finance to FCAS</i>	<i>Share of each provider's total provision of climate finance</i>
<i>DAC members (bilateral finance)</i>	2,599,120,927	41.5%	9.5%
<i>Multilateral development banks</i>	3,244,818,155	51.8%	10.3%
<i>Other multilateral (including climate funds)</i>	418,941,587	6.7%	12.9%

Multilateral Development Banks (MDBs) were responsible for providing over half (51.8%) of the total amount of climate finance to FCAS in 2019-20. The World Bank alone gave 37.2% of all climate finance provided to FCAS. The annual average the bank gave in overall climate finance (not only to FCAS) was USD 14.5 bn.

This is worrying as the banks are just that – banks – and so they have a tendency to provide climate finance in the form of loans (though as mentioned previously, the World Bank do give some grants). In 2019-20, of the annual average of USD 31.7 bn climate finance that MDBs stated they provided, the grant equivalent was just USD 6.25 bn (80% less). It is important to note that the World Bank reports their climate finance as the share of financing that supports climate action while also supporting broader development objectives and as such, no operations are 100% climate finance. Oxfam tried to recreate the World Bank’s climate finance figures based on public information and found they could not be independently verified due to lack of disclosure details.²²

²⁰ Some FCAS countries did not issue appeals for humanitarian assistance in 2020, and these were: Comoros, Solomon Islands, Timor-Leste, Kiribati, Gambia, Micronesia, Marshall Islands, Guinea-Bissau, Tuvalu, and Papua New Guinea.

²¹ Oxfam (2023) *Leaving no one behind: a green bargain for people and planet*.

²² Oxfam (2022) *Unaccountable Accounting: The World Bank’s unreliable climate finance reporting*.

An additional risk for FCAS countries is that they are vulnerable to sudden, frequent changes of government, or even military take-overs. As highlighted already, Myanmar was one of the top recipients of climate finance in 2020. When the military seized power in February 2021 the World Bank Group, put a hold on disbursements on operations in Myanmar and does not have any recent lending to the country²³. These sudden changes of available financing for climate action clearly affect the ability of people within these countries to respond adequately to the climate crisis through no fault of their own.

The top contributors of climate finance to FCAS (apportioning over 20% of their climate finance to them) were Australia, Belgium, Ireland, Luxembourg, African Development Bank (AfDB) and the International Fund for Agricultural Development (IFAD). Those who gave the lowest proportion of climate finance to FCAS (less than 1%) were Austria, Hungary, the Development Bank of Latin America and the Caribbean (CAF), the Inter-American Development Bank (IDB), the Islamic Development Bank (IsDB) and the Food and Agriculture Organisation (FAO), amongst others.

THE REALITY BEHIND THE NUMBERS

Iraq

Annual average climate finance received 2019-20 (USD)	Share of total climate finance received	Share of climate finance in grant-form	Share of climate finance in form of debt-instrument	Risk of debt distress ¹⁴	2021 ND-GAIN index rank	Level of conflict/fragility	2020 HRP met (%)	SIDS or LDC?
129.34 million	0.21%	73.3%	26.7%	No data	126	medium-intensity conflict	92.80%	Not on either list

Water crises in Balad Ruz demonstrate the need for climate finance to be conflict sensitive, and its potential to reduce humanitarian needs and contribute to peaceful societies.

Iraq's severe water crisis is shaped by many factors, including rising temperatures, declining rainfall, emerging issues over transboundary water governance, limited water management capabilities and deteriorating infrastructure.

These factors have contributed to a growing water scarcity crisis that translates into drought conditions affecting over seven million people. Data forecast shows that by 2050 there will be a 10% decrease in precipitation and a 1°C increase in temperature. This is expected to cause a 20% reduction in freshwater availability, which can mean that almost one-third of Iraq's irrigated land will have no water.²⁴

Like many farmers in Iraq, the farmers in Balad Ruz, a district heavily affected by drought and lack of rainfall, started to feel the heat of climate change over the last four years with the lack of rainfall and episodes of drought. Driving through the district during summer, it can be clearly observed that the water channels are dry, with little green spaces. Since the farmers were affected by drought, they started digging water wells to extract water to irrigate their lands and to provide for their livestock. As the situation kept deteriorating, they had to dig deeper to the point that the water they extracted was salty and couldn't be

²³ World Bank Group in Myanmar [overview](#) (last updated April 2023).

²⁴ World Bank Group (2021), [Iraq Economic Monitor, The Slippery Road to Economic Recovery](#).

used for drinking or irrigation, making farming impossible and forcing people to leave their lands. As one farmer stated: "Now we won't leave for the lack of security, we will leave for the lack of water", referring to when the area was affected by conflict, and they had to leave for safer areas.

In a country deeply affected by conflict in recent decades, it is striking that not only does climate change have similar effects on people's movement and mobility, but climate change can also contribute to community tensions or even conflict. A recent Oxfam's policy brief²⁵ found that when looking at civil unrest in Iraq, water scarcity, among many other factors, sometimes contributes to increasing levels of ethnic and tribal tensions. Scarcity of resources, combined with a lack of effective government action, has the potential to ignite tension and conflict, especially when a rural-urban divide overlaps with economic disparities.

A government official in Mosul interviewed for the same study provided an example of tensions that can grow over water resources. Local authorities were aware that a particular village was facing challenges in accessing water resources. Their response was to construct a well to provide water to residents; however, this action was not implemented as people from a neighbouring village, concerned that the well would affect their own water supply, armed themselves and prevented the authorities from digging it. This example showcases the conflict sensitive challenges climate projects can face.

Despite these problems and challenges, there are plenty of ideas on how climate finance can contribute to solutions, as Jamal Ibraheem of Oxfam in Iraq explains. "In the unforgiving embrace of climate change, farmers find themselves bound by traditional agricultural practices, their age-old irrigation methods becoming a weight on their shoulders as they cannot cope with the decreased rainfall, rising temperatures, and dwindling water shares are the relentless foes they face. To secure our future, it's time we unshackle these guardians of the land from the past and provide the support they need to adopt modern, water-sparing methods and climate-smart agriculture practices. As the old ways falter, we need to empower them to cultivate a sustainable legacy for generations to come."

Consultations with many stakeholders, including civil society, government actors and farmers highlighted the following investment needs in agriculture and climate change adaptation: rainwater harvesting, construction of dams to collect water, cover water channels to prevent water from evaporating, digging water wells in areas that have good groundwater reserve, and supporting small scale farmers to adopt sustainable agricultural practices, including climate smart irrigation systems.

Supporting communities directly with climate finance, including farming communities, to face the challenges created by climate change can reduce tension and civil unrest, and could even contribute to more peaceful societies. Furthermore, it could contribute to reducing forced migration, especially from rural to urban areas, easing the pressure on service provision at the city level, and also potentially to reduce future humanitarian needs.

Somaliland

Authorities in Hargeisa, capital of Somaliland, struggle to attract direct climate finance, limiting their ability to adapt to and mitigate climate change.

There is currently no specific climate finance data available for Somaliland, only for Somalia.

Somaliland is an internationally unrecognized autonomous region in the Horn of Africa, which has several areas that are severely affected by both climate change and conflict or find themselves in a period of post-conflict. The Somaliland Minister of Environment and

²⁵ Oxfam, World Vision and Save the Children (2021), [Unfarmed now. Uninhibited when? Agriculture and climate change in Iraq.](#)

Climate Change, Shukri Haji Ismail, raises the alarm bell. "I have been working on the effects of climate change since 1996. Since then, we have had more than a dozen episodes of drought. They used not to be so frequent, droughts even had names. It affects everything, so much so that it affects the livelihoods of everybody practically, economically, socially and environmentally. People used to have coping mechanisms, they do not anymore."

Yet despite the needs, Somaliland does not receive any direct climate financing, as the minister explains. "It is very frustrating. When it comes to climate financing it should be about which country is in need, with more attention required for post-conflict countries. Somaliland is not recognized internationally and is not a member country of the United Nations. This has real implications for us. We are normally not officially invited to international conferences such as the COPs. We do not have any representation there and need to find our own way to make ourselves heard. This year is the first year we will attend a COP as we have been invited by a private company to join. We appreciate this opportunity to advocate for our needs."

"To be able to advocate for our needs, we must be invited to such gatherings to attend, and try to be part and parcel of the international community – especially as we understand the root causes of the problems and can treat them bottom-up. We also cannot access any funding directly from for example the Global Environment Facility or the Green Climate Fund – to which the Federal Republic of Somalia does have access. What we do receive in terms of climate finance in Somaliland is through UN agencies such as UNDP or FAO. The World Bank has also just started to transfer some funds from Somalia to several Somaliland ministries, with our ministry included. What we receive in total however is really at the minimum end of what is needed."

According to the minister, the majority of donor funding that reaches Somaliland is for humanitarian assistance, focussing on short-term responses to emergencies. Much less however is destined for longer-term responses, and even less towards climate adaptation or mitigation purposes. "We cannot keep relying on only humanitarian financing, there is a huge need for longer term financing, including climate finance. We need to support people not only in the IDP camps, but also in the communities – support them before emergencies happen or before they decide to migrate. Educating and awareness raising about climate change is also very important, especially for the rural communities whose livelihood depends so much on climate impacts. You cannot have food security if you do not have a healthy environment."

And this points to the main problem for unrecognized territories such as Somaliland, the current system is not working for them, despite the needs and the will to make it work. Minister Shukri Haji Ismail: "We are a young country. As a government we are putting a very strong effort into what the priorities are for our people. We are ready, we have put in place laws, rules and regulations – we have developed our third National Development Plan in which climate change is a pillar. I am proud of that, but we need the full support of the international community in implementing this. The needs must come first when it comes to climate finance, and we have needs. But you cannot do anything if you do not have the resources. Billions of dollars have been pledged by the international community, but for us the reality is that it is not arriving to us sufficiently."

Syria

Annual average climate finance received 2019-20 (USD)	Share of total climate finance received	Share of climate finance in grant-form	Share of climate finance in form of debt-instrument	Risk of debt distress ¹⁴	2021 ND-GAIN index rank	Level of conflict/fragility	2020 HRP met (%)	SIDS or LDC?
14,004,943	0.02%	100.0%	0.0%	No data	156	high-intensity conflict	61.70%	Not on either list

Farmers in Qalamoun in rural Damascus believe in a community-owned approach, using climate finance to invest in resilience building in the face of climate-fuelled impacts.

Rural Damascus is one of the worst affected governorates in Syria and has witnessed severe damage to agriculture assets as a result of the protracted conflict²⁶. Within this governorate, Qalamoun is one of the most impacted areas. Fighting here began in November 2013 and forced thousands of people to flee to other towns in search of safety. Since the beginning of the crisis, the people of Qalamoun have struggled with various challenges, such as lack of food, poor living standards and high poverty rates. These challenges have been aggravated by extreme droughts and lack of rainfall. Dania Kareh from Oxfam in Syria explains that the “farmers we spoke to said that the rain is getting less and less every year, making it harder than ever to earn a decent living from their farms.”

The call for international action is strong in Qalamoun, as one farmer notes. “Western industrialized countries polluted the environment and caused climate change. This change destroyed our land, our crops and our former life. We are powerless as third world countries. The western countries should act to curb pollution and improve the climate.”

Groundwater is the main source of irrigation for farmers, but it is already scarce. Many farmers have resorted to illegal wells that are not registered with the Ministry of Water Resources. The unregulated digging of wells is depleting the water levels further. Even though the previous rainfall seasons were enough to irrigate the crops despite the soil type, the lack of enough rainfall is making the soil lose water faster. The area does not have any other sources of water, like rivers, and heavily depends on rainwater and groundwater for its water supply.

Dania Kareh found that “the most common request from the farmers we talked to is to have a renewable source of energy to run their agricultural equipment. Fuel is the main energy source for the agricultural equipment in Qalamoun, but it is very scarce and costly. Electricity could be an alternative, but it is also very limited and not enough to run the equipment for the required time. The farmers we interviewed said that they only have two hours of electricity a day, which is not enough to power the generators that pump water for their farms. Solar panels could be a good option, but they are extremely expensive and not affordable for small-scale farmers. Many farmers said that they had to sell part of their land to buy solar panels and plant the remaining of their land.”

Climate finance, which could play a critical role in such responses, is not sufficiently reaching places such as Qalamoun. This is a shame, as small grants to finance early recovery projects that have positive environmental or climate impacts, such as renewable energy, could make a real difference. A strategic and community-owned approach to invest in irrigation infrastructure is important in this area, with a focus on large-scale and high-

²⁶ FAO (2017), *Counting the cost Agriculture in Syria after six years of crisis*

cost projects that can meet the needs of many farmers. In climate finance it is important to work with local communities to develop project and programmes to build resilience to climate-fuelled impacts, and to foster community-ownership of such programmes.

Burkina Faso

Loans are putting unnecessary pressure on conflict affected communities.

Annual average climate finance received 2019-20 (USD)	Share of total climate finance received	Share of climate finance in grant-form	Share of climate finance in form of debt-instrument	Risk of debt distress ¹⁴	2021 ND-GAIN index rank	Level of conflict/fragility	2020 HRP met (%)	SIDS or LDC?
327,803,678	0.53%	42.9%	57.1%	Moderate	161	medium-intensity conflict	57.70%	LDC

Recent research by Oxfam shows that, despite the climate-vulnerability of the Western Sahel being high, international climate finance received falls far short of meeting national climate finance needs and is being skewed towards debt instruments.²⁷ Burkina Faso is an example of a country that is already at moderate risk of debt-distress and yet receives a majority of its climate finance through debt-based instruments. This not only puts large pressures on a country already facing many challenges, but also on conflict affected communities in the country, as Moumouni Compaore of Oxfam in Burkina Faso explains.

“Burkina Faso receives 57 percent of its climate financing through debt instruments, that is an enormous amount. This makes it for the government harder to attract, or pay back, loans to finance other development priorities that we have in the country. We do not only have a climate emergency, we have multiple emergencies at the same time. We have a humanitarian crisis, with over two million internally displaced people, the vast majority of which women and children²⁸, on top of a food and security crisis. All these challenges require budgetary action which is made more difficult by loans to finance climate action. It is not fair that a country like Burkina Faso, that hardly contributes to the climate crisis, must pay to take action towards it.”

It is communities that find themselves under pressure by both climate change and the security crisis that are also the ones hardest to reach in terms of climate financing. “It is obvious that in the areas most affected by the conflict”, continues Moumouni Compaore, “possibilities of financing are considerably reduced because donors will be reluctant to provide financing. This has to do with the repayment risks but also with the ability to access these conflict-affected areas. We can also see that in these areas climate interventions are suspended from time to time, or even cancelled altogether. It is not impossible to take action in conflict affected areas, but the options are limited.”

And yet, despite the challenges and risks, there is a real need to get climate finance to frontline communities that are being left behind. Oxfam found that only 0.8% of the institutions that have direct access to international climate finance in the West Africa/Sahel region can be identified as ‘local’ or at the sub-national level. There is still a lack of

²⁷ Oxfam (2022), *Climate Finance in West Africa: assessing the state of climate finance in one of the world’s regions worst hit by the climate crisis*.

²⁸ SP/CONASUR (2023), *Secretariat permanent du Conseil national de secours d’urgence et de réhabilitation (SP/CONASUR)*, March 2023

transparency in contributor reporting on how much climate finance reaches the local level and involves community participatory processes – this needs to change.

Going forward Moumouni Compaore is clear on what needs to happen. “We have to see how we can best use that small amount that does arrive, how we can use that best for the communities at local level. We should aim for a much higher percentage, perhaps even at least 70% of all climate finance should reach the local level, it is them who need it the most. It is necessary to create small grants that are both accessible and manageable for local populations, that do not have many conditions to apply for. This could be done by working through small local cooperatives, with simple reporting structures. We could also imagine a new operating model of intervention, based on reparation, linked to these small projects. For example, damage caused by extreme weather events is assessed at local level, a report is drawn up, and then funds can be provided to repair the damage that has been made – so that the community can move forwards.”

LOOKING TO COP28 AND BEYOND

FCAS encompass difficult operating environment. But these difficulties should not stop life-saving climate finance getting to the communities and people that live within them. These are countries which bear limited responsibility for the climate crisis, yet they are woefully underfunded in responding to it and when climate finance does come, it too often comes in the form of debt-creating loans. These case studies, testimonies and data emphasize the urgent need for rich countries to significantly increase their climate finance contribution to FCAS, along with all developing countries, not only in quantity but also in terms of quality.

Climate finance to countries under debt distress should be given only in the form of grants. It is unacceptable that a majority of climate finance currently being provided to FCAS is via instruments that create debt. It's vital to significantly increase climate finance for Least Developed Countries and Small Island Developing States, ensure it is additional to humanitarian assistance, and grants should be vastly scaled up to do this. However, it is also important that countries experiencing conflict or institutional fragility that do not fall under the categories of LDCs and SIDS are not left behind in receiving climate finance.

Under the UNFCCC, there are key opportunities to change the business-as-usual approach to climate financing which overlooks communities experiencing conflict and who live under fragile institutions. One is the establishment of the loss and damage fund – this offers a real opportunity to set up a climate fund that is conflict-sensitive and it also provides a rare chance to design a fund that is led by those it is meant to serve, where funding is dictated by the needs of affected communities not donor preferences, and which prioritises reaching local actors. It also presents an opportunity to recognize the different levels of fragility and conflict within a country, and to seize opportunities to implement climate action in areas of FCAS that are less prone to conflict or fragility, whilst taking a specialized approach for areas more heavily affected.

However, for sustained and transformative change to be made efforts must continue beyond the UNFCCC alone. Climate finance contributors should boost support for local climate initiatives, uphold gender equality in projects, and ensure climate finance remains distinct and additional to aid commitments. Climate finance also needs to better reflect the situation in the country and therefore be for longer time spans and be more flexible as regards reporting. Solutions must also be found for territories that find themselves outside the state-centric system, for example by not being recognized or because they are outside government's control. Simplifying processes, strengthening local organizations, and supporting local leadership are essential to boost local empowerment in responding to

climate change and multilateral funds and bilateral finance providers should significantly boost the amount of finance for these purposes.

Communities and representatives of marginalized groups know their needs better than anyone and community access to finance and ownership of programmes is positive for many reasons: it can lead to more sustainable and long-lasting changes; it accelerates the move away from neo-colonial donor-driven systems; and it can lead to stronger results and lower risk of poor programming.

Allowing more space for small, community led funding opportunities, that are flexible and based on a “no regrets” approach to risk, similar to that in humanitarian work, would be particularly beneficial for FCAS due to the ability of local organizations to access, interact and understand the highly complex contexts within certain areas of FCAS. This would also enable financial institutions and donors to increase funding for FCAS, while maintaining flexibility and risk mitigation, always when risk is shared in a fair manner.

Coordination and collaboration with existing humanitarian systems, learning from its ability to function whilst crises are occurring, a human rights-based approach to climate financing, and improved transparency and reporting are also essential to building sustained resilience to climate change in FCAS. Relatedly, wealthy nations must honour past aid commitments to lower-income countries. Consistent and long-term aid support has been proven to save lives and reduce inequality. However, rich countries have consistently fallen short, leaving a USD 6.5 trillion deficit for Low-Income and Middle-Income Countries (LICs and MICs) since the 1970 UN 0.7% resolution. Wealthier nations must fulfil their 0.7% commitments and address their outstanding aid debt.²⁹

There is an urgent need for humanitarian, peace and climate actors to much better collaborate and jointly plan to deliver programmes in these environments that are long-term and embed conflict-sensitivity. For this to happen we need forums that allow for this collaboration and finance must facilitate it, and much can be learnt from the humanitarian-development-peace nexus here.

Failing to change course rapidly will result in more lives being lost, a decline in the effectiveness of adaptation as the planet continues to warm, and a potentially devastating humanitarian impact. Communities living in FCAS are urging a swift departure from the usual way of doing things.

²⁹ Oxfam (2023). [False Economy: Financial wizardry won't pay the bill for a fair and sustainable future.](#)

Annex: A snapshot of FCAS in 2019-20

Country [* denotes a country in protracted crisis] ³⁰	Annual average climate finance received 2019-20 (USD)	Share of total climate finance received	Share of climate finance in grant-form	Share of climate finance in form of debt-instrument	Risk of debt distress ³¹	2021 ND-GAIN index rank	Level of conflict/fragility	2020 HRP met (%) ³²	SIDS or LDC? ³³
Afghanistan*	220,847,489	0.36%	99.4%	0.6%	high	179	high-intensity conflict	52.90%	LDC
Burkina Faso*	327,803,678	0.53%	42.9%	57.1%	Moderate	161	medium-intensity conflict	57.70%	LDC
Burundi*	102,811,473	0.17%	100.0%	0.0%	high	169	medium-intensity conflict	45.00%	LDC
Cameroon*	417,881,228	0.67%	13.4%	86.6%	high	145	medium-intensity conflict	49.50%	Not on either list
Central African Republic*	72,859,313	0.12%	98.2%	1.8%	high	184	high-intensity conflict	67.20%	LDC
Chad*	163,538,529	0.26%	97.5%	2.5%	In debt distress	185	high institutional and social fragility	45.00%	LDC
Comoros	69,945,950	0.11%	68.5%	31.5%	high	157	high institutional and social fragility (small state)	100.00%	LDC
Congo*	27,789,985	0.04%	63.5%	36.5%	In debt distress	174	high institutional and social fragility	14.00%	Not on either list
Democratic Republic of the Congo*	298,347,433	0.48%	57.4%	42.6%	Moderate	182	medium-intensity conflict	77.20%	LDC
Eritrea	23,512,103	0.04%	91.6%	8.4%	high	183	high institutional and social fragility	100.00%	LDC

³⁰ We used Development Initiative's [definition of protracted crisis](#), which is a country with five or more consecutive years of UN-coordinated appeals as of 2023.

³¹ IMF (2023) [list of LIC DSAs for PRGT-Eligible Countries](#).

³² From OCHA's Financial Tracking Service.

³³ As classified by the UN.

Gambia	37,400,897	0.06%	92.3%	7.7%	high	148	high institutional and social fragility	100.00%	LDC
Guinea-Bissau	13,637,090	0.02%	55.6%	44.4%	high	181	high institutional and social fragility	100.00%	LDC
Haiti*	196,129,056	0.32%	90.7%	9.3%	high	169	high institutional and social fragility	26.40%	LDC
Iraq*	129,342,719	0.21%	73.3%	26.7%	No data	126	medium-intensity conflict	92.80%	Not on either list
Kiribati	44,912,619	0.07%	100.0%	0.0%	high	No data	high institutional and social fragility (small state)	100.00%	LDC
Kosovo	107,230,862	0.17%	35.0%	65.0%	No data	No data	high institutional and social fragility	NO HRP	Not on either list
Lebanon*	91,416,908	0.15%	39.3%	60.7%	No data	117	high institutional and social fragility	80.90%	Not on either list
Liberia	72,717,690	0.12%	72.3%	27.7%	Moderate	177	high institutional and social fragility	13.20%	LDC
Libya*	3,165,545	0.01%	100.0%	0.0%	No data	126	high-intensity conflict	100.00%	
Mali*	293,596,779	0.47%	44.5%	55.5%	Moderate	176	medium-intensity conflict	48.30%	LDC
Marshall Islands	34,489,623	0.06%	100.0%	0.0%	high	150	high institutional and social fragility (small state)	100.00%	SIDS
Micronesia	35,228,690	0.06%	100.0%	0.0%	high	165	high institutional and social fragility (small state)	100.00%	SIDS
Myanmar*	891,762,040	1.44%	12.9%	87.1%	Low	160	high institutional and social fragility	69.50%	LDC
Niger*	461,184,717	0.74%	51.9%	48.1%	Moderate	169	medium-intensity conflict	69.70%	LDC
Nigeria*	1,111,163,155	1.79%	5.0%	95.0%	No data	154	medium-intensity conflict	58.40%	LDC
Papua New Guinea	96,707,359	0.16%	88.5%	11.5%	high	167	high institutional and social fragility	100.00%	SIDS
Solomon Islands	51,345,138	0.08%	61.2%	38.8%	Moderate	148	high institutional and social fragility (small state)	100.00%	SIDS

Somalia*	220,407,466	0.36%	100.0%	0.0%	In debt distress	178	high-intensity conflict	80.10%	LDC
South Sudan*	81,607,317	0.13%	100.0%	0.0%	high	No data	high-intensity conflict	64.90%	LDC
Sudan*	106,147,215	0.17%	93.5%	6.5%	In debt distress	179	medium-intensity conflict	52.70%	LDC
Syrian Arab Republic*	14,004,943	0.02%	100.0%	0.0%	No data	156	high-intensity conflict	61.70%	Not on either list
Timor-Leste	49,820,141	0.08%	57.5%	42.5%	Moderate	122	high institutional and social fragility (small state)	100.00%	LDC
Tuvalu	11,993,136	0.02%	100.0%	0.0%	high	No data	high institutional and social fragility (small state)	100.00%	LDC
Venezuela	3,629,205	0.01%	100.0%	0.0%	No data	143	high institutional and social fragility	23.80%	Not on either list
West Bank and Gaza Strip*	173,244,351	0.28%	94.9%	5.1%	No data	No data	high institutional and social fragility	72.30%	Not on either list
Yemen*	114,015,521	0.18%	100.0%	0.0%	Moderate	174	high-intensity conflict	58.80%	LDC
Zimbabwe	91,243,306	0.15%	100.0%	0.0%	In debt distress	168	high institutional and social fragility	26.60%	Not on either list

Annex B: useful studies and reports published on climate finance in fragile and conflict-affected contexts.

ICRC, ODI, ICVA, Mercy Corps, RCCC, UNHCR, WFP (2022) *Embracing Discomfort: A Call to Enable Finance for Climate-Change Adaptation in Conflict Settings*. London.

ICRC (2021) *Working Together to Address Obstacles to Climate Finance in Conflict and Fragile Settings: Outcome Paper and Next Steps*, International Committee of the Red Cross, Geneva.

IFRC (2022) *Where it matters most. Smart climate financing for the hardest hit people*. IFRC. Geneva.

IMF (2023) *Staff climate notes: Climate challenges in Fragile and Conflict Affected States*. International Monetary Fund. Washington, D.C.

Mercy Corps (2023) *Overcoming the Fragility Barrier: Policy Solutions for Unlocking Climate Finance in Fragile States*. Washington, D.C.

SPARC (2022) *Climate adaptation investments in conflict affected states: a call to understand risks differently and increase financial support, including climate adaptation finance*.

UNDP (2021) *Climate Finance for Sustaining Peace: making climate finance work for conflict affected countries*. New York.

OXFAM

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