

Making climate finance work for women and marginalised groups

Lessons from the Dutch Fund for
Climate and Development first phase



act:onaid

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van der Loeff April 2024

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ABOUT ACTIONAID

ActionAid is an international women's rights organisation that fights for an equal and sustainable world. We do this together with women's rights movements and communities worldwide. We believe in a feminist perspective and stand collectively against inequality and exploitation.

For this report, ActionAid commissioned Profundo to do a desk study and later consolidate the three field studies done in Bangladesh, Kenya and Uganda. Profundo was not directly engaged in the country level research process and ActionAid is responsible for the final product.

About Profundo

With profound research and advice, Profundo aims to make a practical contribution to a sustainable world and social justice. Thematically, we focus on commodity chains, the financial sector and corporate social responsibility.

Acknowledgements

This report was researched and written by Manon Stravens, (Profundo), Pavel Boev (Profundo), Mohammad Tanzimuddin Khan, Alphayo Lutta, Joshua Zake, Decimon Anywar, and Agnes Schim van der Loeff

The authors would like to thank the three field teams and all the contributors to the field reports. They are:

- Mohammad Tanzimuddin Khan, M. Ali Siddiquee, Emon Rahman, Mst. Tasnim Marium Chowdhury Anamika, Muhammad Towkir Hossain, Rifa Tasfia Zeba, Abul Kalam Azad, and Marufa Koli from Consumer Association of Bangladesh
- Alphayo Lutta, Oliver Wasonga, James Ketta, Kitasi Wanga, Dennis Orioki from Kenya
- Joshua Zake and Decimon Anywar from Uganda

The authors would also like to thank all ActionAid local staff for supporting the field teams' research, and consolidated report draft, and from ActionAid Netherlands Linda Fokkema for research coordination, Danny Wijnhoud who formulated and conceptualised the research idea, and Sophie Kwizera who contributed to the final review.



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Executive Summary

Public climate finance is crucial for tackling the global climate crisis. Many countries in the Global South are suffering the worst impacts of climate change while being least responsible for causing it. And they lack the financial means to address it. In international agreements, rich industrialised countries such as the Netherlands have committed to provide climate finance to support countries in the Global South to take climate action. However, climate finance often fails to reach the most marginalised groups. This includes women, who are disproportionately impacted by climate change due to existing gender inequality.

In 2019, the Dutch government launched a new fund: the Dutch Fund for Climate and Development (DFCD). A parliamentary motion had called for this fund to take a combined approach to climate and development with a particular focus on vulnerable groups. In 2018, the Dutch Ministry responsible confirmed that one of the key goals and conditions for the fund was a focus on women and poorest groups, in line with existing policies on gender and intended target groups. However, a 2021 evaluation of 18 Dutch climate funds concluded that these groups are not yet sufficiently included or reached by the funds.

Therefore, ActionAid decided to investigate to what extent the DFCD includes, reaches and benefits women and marginalised groups. The research consisted of a desk study and field research in three countries.

Findings and conclusions

The field research on the DFCD projects shows that overall local communities, women and marginalised groups are not sufficiently involved or equally benefiting from the projects.

Participation of women in projects as direct beneficiaries is found to be minimal or only tokenistic, and women generally lack decision-making power. In several cases women contribute to the project but companies make payments to their husbands as contracts

are signed with those who are the formal title deed holders. As these are often owned by men, women are dependent on their husbands. Women mentioned that while their workload increases, they do not get paid. Some also see their lands for food crop production being converted for climate projects. This increases the risk of food insecurity as well as the workload for women who are generally responsible for feeding and caring for their families, which becomes harder with less land. These findings underscore the desk study conclusions that the DFCD did not formulate specific gender goals besides a gender analysis.

More broadly, marginalised groups felt excluded in the selection of project beneficiaries. This includes people without land or people living in poverty, as more wealthy or “bankable” farmers were prioritised. There seemed to be limited efforts to include these groups. Moreover, the field research found that several contracting and payment practices were not inclusive.

The desk study results suggest that **failure to adequately reach marginalised groups partly lies in the challenge to find smaller projects that are still bankable in least developed countries.** Additionally, although the unique collaboration with development organisations provides a chance to reach communities better, the role of NGOs needs to be strengthened beyond the Origination Facility into the other two facilities. In many cases communities expressed they were not sufficiently engaged, especially when they were not direct beneficiaries of the project. They also did not always seem aware of the companies’ efforts and intentions. This resulted in limited trust and understanding about the project and the companies. The use of intermediaries further reduced this trust.

This points to a need for companies to improve communication and undertake action to sufficiently inform the communities, actively

engage with them and address their concerns. It could also reflect the challenges the consortium experienced to bring together profit and nonprofit-oriented organisations and increase mutual understanding of their interests and way of working.

When it comes to socioeconomic impacts, the key benefits observed by communities was increased income and employment opportunities, access to services such as a school or community road, and enhanced knowledge and capacities. Negative impacts mentioned include high costs and low prices, which in some cases lead to beneficiaries taking loans and thus increasing risk of debt. Another impact mentioned was increased tension and conflict, for example due to an influx of imported labour.

The tree-planting projects in Uganda and Kenya had the most obvious environmental impacts, both positive and negative. Increased tree cover was seen as the key benefit, although at the same time there were serious concerns about loss of biodiversity due to eucalyptus plantations.

Recommendations

Based on the conclusions of the desk and field studies, the following recommendations can be made to improve the DFCD, in particular when it comes to including, reaching and benefiting women and marginalised groups.

1. Embed and implement gender responsive approaches.

Ensure that all projects are at minimum gender responsive, ensuring adequate gender balance among beneficiaries as well as active and meaningful engagement of women in decision-making processes, monitoring and evaluations. Formulate explicit gender goals and KPIs and ensure these are adequately monitored. Align with the MFA Feminist Foreign Policy and learn from existing programmes working on gender and climate.

2. Ensure projects benefit the whole community.

Ensure that projects prioritise benefits for marginalised groups within the communities where they operate. Community members who are not direct beneficiaries of projects should benefit in another way, for example by providing community services or alternative livelihoods.

Make small grants available which can be used for general livelihoods activities. Increase engagement with other (nonprofit) organisations that have connections with the communities, either directly or through their local partners.

3. Increase community engagement.

Ensure local communities and CSOs are engaged in co-design on interventions and are trained in participatory monitoring. Formulate KPI's to help measure successful outreach to and support for localised, community-driven climate adaptation and mitigation undertakings. Take steps to monitor and prove that communities are indeed engaged in project development and benefit from DFCD investments.

4. Broaden NGO engagement.

Consult with the larger NGO community to increase chances of finding eligible projects (i.e. bankable projects in the range of EUR 1-4 million). This would also facilitate community engagement when partnering with organisations that work with Southern CSOs, experts, and women-led organisations.

5. Invest time and effort to build trust.

Increase efforts to enhance mutual exchange between stakeholders to understand each other's interests and objectives, especially between companies and marginalised groups among the beneficiaries. Ensure that women are actively involved in this too.

6. Improve communication with all stakeholders.

Improve communication strategies with all stakeholders in order to enhance mutual trust and understanding and manage expectations. Companies should be more transparent about their goals and activities, as well as decision-making processes. They should also address concerns expressed by the people they work with as well as non-beneficiary community members, including women.

7. Promote and disclose fair and transparent selection processes.

Ensure selection processes of beneficiary groups are fair, transparent and honest, reducing the risk of nepotism. Efforts should be enhanced to ensure marginalised groups, in particular women and youth, are sufficiently represented among the beneficiaries.

8. Address exclusive payment practices.

If beneficiaries are required to sign contracts, they should be fully enabled to understand what they sign for. Ensure that payments benefit men and women equally, for example by exploring innovative approaches to ensure women are paid directly.

9. Revise the strategy to work with intermediaries.

Limit the engagement of intermediaries or brokers as much as possible, thus shortening the value chain and increasing direct contact between companies and beneficiaries. If companies insist on working with intermediaries, the project should ensure those persons are not detrimental to the much-needed trust and confidence within the value chain.

10. Investigate allegations of environmental harms.

Concerns brought up by community members should be investigated, such as those about biodiversity loss, harmful effects of chemicals and pesticide use, and the planting of trees in protected areas. Important here is also ensuring all projects have strong gender responsive grievance mechanism where these concerns can be raised by women, men and youth in a safe manner.

Research objective and methodology

ActionAid commissioned this report to learn from DFCD projects how climate finance currently benefits local communities, marginalised groups and women in particular, and how it can be improved.

Earlier desk research was done by Profundo while field studies were conducted by local teams selected by ActionAid in Bangladesh, Kenya and Uganda. These conducted qualitative research using mainly interviews and focus group discussions with direct beneficiaries of projects and other community members. Rather than a full evaluation of the DFCD, the aim is to assess how local communities perceive DFCD projects and to what extent they benefit from it, with a particular focus on women. The fund was still operational at the time of research and in an early stage, thus future impacts are still to be evaluated.

Climate finance often fails to reach the most marginalised groups. This includes women, who are disproportionately impacted by climate change due to existing gender inequality.



Abbreviations

AAL	ACI Agro Limited
CFM	Climate Fund Managers
CSO	Civil society organisation
DFCD	Dutch Fund for Climate and Development
EU	European Union
FGD	Focus group discussions
FMO	Dutch Entrepreneurial Development Bank
IAL	Ispahani Agro Limited
IOB	International research and policy evaluation
KEFRI	Kenya Forest Research Institute
KFS	Kenya Forest Service
KPI	Key performance indicator
KSh	Kenyan shilling
LBP	Local business partners
LDC	Least developed country
LUF	Land Use Facility
MFA	Dutch Ministry of Foreign Affairs
NGO	Non-governmental organisation
NFC	New Forest Company
OF	Origination Facility
RVO	Dutch Enterprise Agency
SNV	Netherlands Development Organisation
SWS	Solar Water Solutions
USA	United States of America
WF	Water Facility
WWF	World Wide Fund for Nature
WWF-UCO	WWF Uganda Country Office

1.0 Introduction





As the climate crisis worsens, climate change increasingly threatens and destroys the homes, livelihoods, and lives of millions of people. It is mostly countries in the Global South that are suffering the most severe impacts of the climate crisis, even though they bear little to no responsibility for causing it.

Moreover, many of the most vulnerable countries do not have the financial or technological means to address the climate crisis. Meanwhile, countries with large historical emissions and financial capabilities are much less affected by the impacts of the climate crisis, yet they are most responsible.

Trillions of dollars are needed to address both the causes and the far-reaching impacts of the climate crisis. Public finance plays a crucial role here as the private sector on its own will not fund many essential elements needed for climate actions, because it is financially too risky or simply not profitable. Yet the most vulnerable countries, who are least responsible for causing climate change, lack the financial means. Therefore, **rich industrialised countries like the Netherlands have a responsibility to provide public climate finance to support climate action in countries in the Global South**, as stipulated in Article 9 of the Paris Agreement¹

1.1 Background on the DFCD

In 2017, the Dutch government announced it would establish a new international climate fund, contributing to fulfilling its goals based on the Sustainable Development Goals as well as international agreements to provide climate finance to developing countries. Soon after, the Dutch parliament passed a motion by parliamentarians Voordewind, Bouali and Kuik which specifically calls for this fund to consider those most vulnerable and take a combined approach to climate and development:

“The House of Representatives, noting that within the budget for development cooperation, a national climate fund is coming; considering that climatic changes have serious consequences for the poorest and increasingly lead to droughts, food shortages, floods and conflicts; [...] calls on the government to use the climate fund for a combined approach to climate and development, in particular for climate resilience, the preservation of vital ecosystems and the promotion of social and economic development in lower-income countries.” (translated from Dutch by authors).²

This motion outlines a few critical elements that the House deemed crucial to be integrated into the fund, in particular for it to take into account the needs of people living in poverty. It was supported by civil society organisations advocating for just climate finance, including ActionAid.

The DFCD became operational in 2019, as a EUR 160 million fund established to pursue climate action as part of the agenda for

international cooperation. It does this through a unique collaboration between the Dutch Entrepreneurial Development Bank (FMO), development organisations and commercial investors. FMO leads the consortium which consists of Climate Fund Managers (CFM), the World Wide Fund for Nature Netherlands (WWF-NL), and the Netherlands Development Organisation (SNV).

1.2 Why focus on women and marginalised groups

Women and marginalised groups are disproportionately affected by the climate crisis. Climate change exacerbates existing inequalities as well as vulnerabilities. Thus, people already living in poverty have less capacity to recover from climate impacts. Existing gender inequality results in women and girls in all their diversity being hit harder by the effects of climate change, in particular as they represent the majority of the world's poor population.³ For example, lack of access to information puts them at higher risk in event of climate disaster, while their capacity to recover and adapt their livelihoods is limited because they have less access to finance, employment and land.⁴ Moreover, women often have unpaid care responsibilities which increase due to climate change, while they also face higher risks of gender-based violence.

At the same time, many women worldwide are leading climate solutions in their communities. Every year the Gender Just Climate Solutions Award highlights inspiring initiatives by women helping to address climate change and its impacts around the world. Winners include a training programme for impoverished women in Bangladesh to build climate-resilient housing and a project reducing food waste in Kenya by empowering small-scale women farmers.⁵

Nonetheless, women are underrepresented in decision-making about climate policies, and they have less access to climate finance to fund such initiatives. Barriers to finance include legal barriers such as the requirement to own land. Another issue is that most of the time climate finance

does not consider gender at all, with the risk of upholding or even exacerbating gender inequality. Less than 3% of climate finance has gender equality as a primary goal, and 65% is essentially gender-blind.⁶ By not applying a gender lens, climate finance is also likely to be less effective. That is why organisations like ActionAid work to make climate finance at least gender responsive, and ideally gender transformative, i.e. actively tackling structures causing gender inequality.

The Dutch Ministry of Foreign Affairs (MFA) underlines the importance of looking at gender in many of its policies, for example to promote gender mainstreaming, and adopted a Feminist Foreign Policy in 2023. In line with these policies, the DFCD was also asked to take into account gender. In November 2018, a letter from the Minister for Foreign Trade and Development Cooperation informed Parliament about the goals and conditions of DFCD, herein also answering to the previously quoted parliamentary motion. Besides being relevant for climate and for development, the third criteria listed for the fund is about "gender and poorest groups". The letter states:

*"The fund will also actively focus on projects that serve the poorest groups and that have a positive impact on women. For example, it could invest in projects where the poorest benefit directly, or where women's work participation is emphasized. The fund manager will be asked to explicitly stimulate the development of such projects, and to analyse and monitor whether the poorest groups and women are indeed reached/involved."*⁷

¹ Whereas policy documents from the Ministry and DFCD refer to "vulnerable" groups, this report generally speaks of marginalised groups to highlight that they are not inherently vulnerable but that power structures put them in a marginalised, and therefore vulnerable position. Vulnerable is still used in this report when referring to documents by the Ministry or DFCD.

The focus on these groups fits with the target groups previously identified by the ministry. For climate-relevant activities specifically the intended target groups are “women and girls, farmers, youth, poor and vulnerable people more generally, and small and medium-sized enterprises.”⁸

Unfortunately, a 2021 evaluation of Dutch climate finance concluded that in practice these target groups are not being reached. The report from the directorate for international research and policy evaluation (IOB) states:

“(…) the target groups mentioned in policy notes – women, poor and vulnerable groups, farmers and youth – are not consistently included in project design, approval, monitoring and reporting. In particular, gender is identified as a priority in Dutch development policy and programme and funding design. Still, these intended results are rarely confirmed in evaluations, and gender is not consistently mainstreamed.”⁹

These findings suggest that despite good policies on paper, in practice climate finance does not yet adequately reach, include or benefit women and vulnerable groups. Understanding why this is and how this can be improved are key objectives of this report.

1.3 Research objectives

This study aims to learn from the DFCD how climate finance can reach those who need it most, in particular women and marginalised groups. ActionAid welcomes the Dutch government’s contribution to climate finance and its initiative in setting up the Dutch Fund for Climate and Development, as well as its recognition of the need to look at gender and vulnerable groups. However, the limitations in achieving this as concluded by the IOB study invited an investigation into how the DFCD, a new and young fund, is performing in this aspect.

Assessments of climate finance at the community level are rare, resulting in lack of understanding on how local communities are impacted by climate finance. This research thus hopes to contribute to filling this knowledge gap. ActionAid’s work with partners and local communities in countries where the DFCD is active provided a unique opportunity to do a community-level assessment. ActionAid’s

international and local networks are ideal to connect the impacts of Dutch climate finance on local communities in Global South countries to the design of funds like the DFCD in the Netherlands.

The overarching goal of this research project is for ActionAid, local partners, constituencies and allies to learn from the DFCD design and practices for financing climate action. It aims to provide recommendations that can help improve the DFCD going into the second phase (2024–2027). Recalling the motion calling for a combined approach to climate and development, the focus is on how DFCD-supported activities engage and impact communities, in particular marginalised groups and women. The objective of this study is to help ensure that women and communities benefit from the funds provided through the DFCD and communicate those lessons to the DFCD stakeholders. To this end, one of the goals is also to understand what organisations like ActionAid and partners can offer to funds such as the DFCD to help ensure climate finance benefits women and marginalised groups in the Global South.

1.4 Methodology

ActionAid Netherlands commissioned Profundo to study the DFCD and worked with the ActionAid offices in Bangladesh, Kenya and Uganda who commissioned local research teams for the field research.

The research was divided into two parts. First, Profundo conducted a desk study between October and December 2022 including interviews with members of the DFCD consortium. This resulted in an internal, unpublished report, intended primarily for ActionAid to learn more about how the DFCD works and to inform the second part of the research. The main conclusions of this research are included in chapter two.

Secondly, three local teams of researchers conducted field studies in Bangladesh, Kenya and Uganda. The field studies specifically looked into how local communities perceived the project design and the socioeconomic and environmental impacts of seven selected DFCD projects in the three countries, as far as these could already be noted. ActionAid Netherlands coordinated research design and roll-out and ensured harmonised approaches and mutual learning. Profundo developed guidelines to ensure a coordinated and harmonised data gathering and



reporting process. The primary methods were interviews and focus group discussions with both direct and indirect beneficiaries of selected DFCD projects as well as local communities in the project areas. It should be emphasised that a comprehensive assessment of all socio-economic, climate and environmental impacts are beyond the scope of this study and that this is a qualitative rather than quantitative study. The aim was to capture community perspectives on the DFCD projects with a focus on how they benefit marginalised groups and women in particular.

The field studies were conducted between January and April 2023, and country reports were finalised by the local teams between April and September 2023. Next, Profundo consolidated the three field reports and conclusions of the desk study into one report. The DFCD consortium provided written feedback on this early version of the consolidated report and participated in a roundtable discussion about the findings organised by ActionAid Netherlands. ActionAid Netherlands then incorporated their feedback, wrote the introduction and epilogue, and edited the whole report. Finally, the consortium was invited to do a final factcheck.

1.5 Structure

The report starts by introducing the DFCD, its objectives, governance, structure and funding mechanisms, based on Profundo's desk research and interviews with members of the DFCD consortium in November 2022. Chapter 3 explains the methodology employed by the field teams in Bangladesh, Kenya and Uganda, while chapter 4 presents the selected projects that were studied in the three countries. Next, chapter 5 describes the findings from the field research in the three countries, looking in particular at selection of beneficiaries, community engagement, and what communities perceived as the social, economic and environmental impacts of the different projects. Chapter 6 then presents the conclusions from the field research and connects these to the conclusions from the desk study. Finally, chapter 7 presents our recommendations based on these conclusions. The epilogue summarises the feedback from the DFCD consortium that was not incorporated in the main part of the report.

Despite good policies on paper, in practice climate finance does not yet adequately reach, include or benefit women and vulnerable groups.

2.0 Background on the DFCD



This chapter introduces the DFCD, its objectives, target groups, governance, structure and funding mechanisms. It also presents key conclusions of the (unpublished) desk study.

The Netherlands launched the Dutch Fund for Climate and Development (DFCD) to pursue climate action as part of the agenda for international cooperation. The DFCD, operational since 2019, facilitates investment in climate change adaptation and mitigation projects in low and lower middle-income countries (LLMICs).¹⁰ A consortium of five organisations manages it, led by the Dutch Entrepreneurial Development Bank (FMO).

2.1 Objectives of the DFCD

According to the Dutch Minister for Foreign Trade and Development Cooperation, "The DFCD aims to support developing countries in their fight against (the consequences of) climate change. One of the conditions of the DFCD is that the projects it invests in also have a development impact on a vulnerable group."¹¹ In addition, "projects to be financed [by DFCD] must prevent or mitigate any undesirable effects for the environment, society, human rights and gender."¹² According to its website, the DFCD aims to work in the following areas¹³:



Drinking water and sanitation supplies, restoration and sustainable management of wetlands, headwaters and floodplains.



Promoting afforestation and reforestation.



Funding more sustainable, efficient and productive approaches from smallholder farmers to agri-business.



Restoring ecosystems, such as wetlands and mangroves, which are nature's best defences against extreme floods, droughts and storm surges.

The following key performance indicators (KPIs) are defined:



100,000 ha farmland sustainably managed.



100,000 ha of forests and wetlands sustainably managed.ⁱⁱ



EUR 500 million in private finance mobilised.



13.5 million beneficiaries reached.



40,000,000 tCO₂ of GHG emissions reduced.



12.5 million people provided with drinking water.¹⁴

ⁱⁱ Due to a writing mistake in the text on the website it is not clear whether this indicator refers to 100,000 ha or to 10,000 ha.

2.2 Target groups

The main target groups of the DFCD are the climate-vulnerable populations of developing countries, especially those with fragile livelihoods and groups where development constraints are increased, for instance, women and children.¹⁵ In addition, “*projects to be financed must prevent or mitigate any undesirable effects for the environment, society, human rights and gender.*”¹⁶ However, no specific goals or KPIs are defined for gender.

2.3 Governance and management

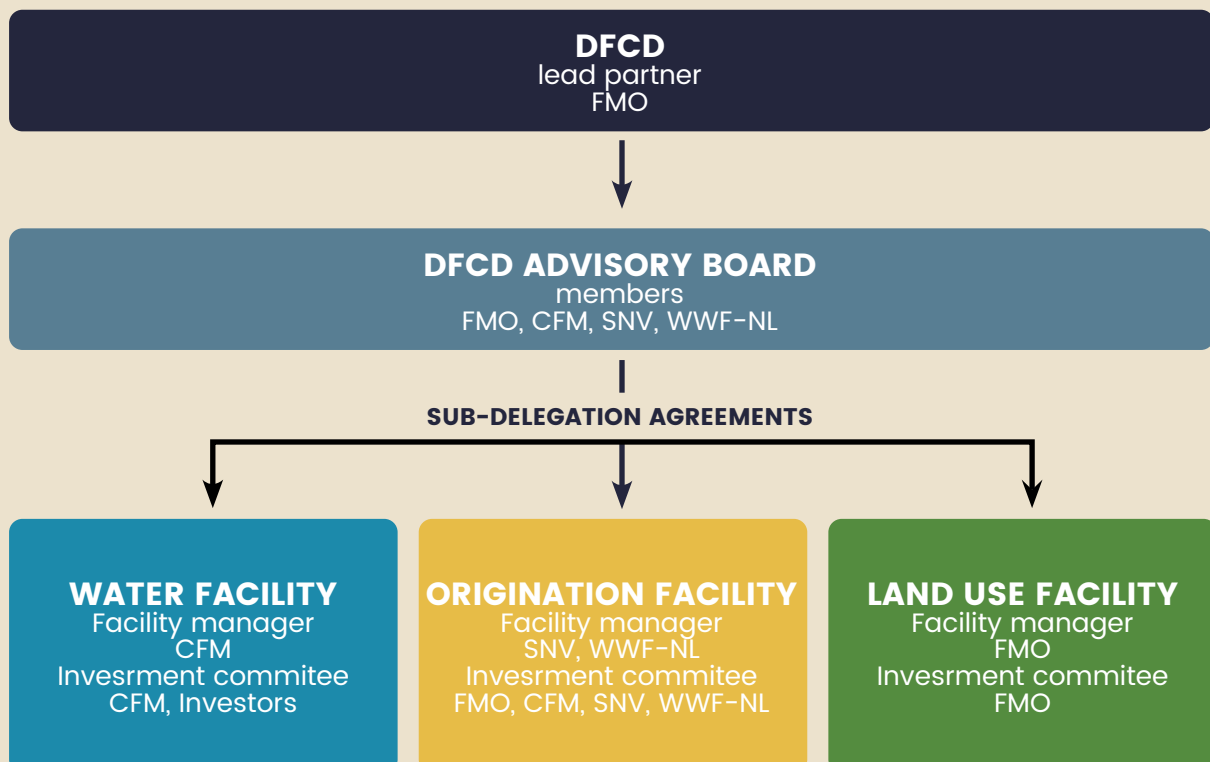
The management of the fund is in the hands of a consortium of the Dutch Entrepreneurial Development Bank (FMO), Climate Fund Managers (CFM), the World Wide Fund for Nature Netherlands (WWF-NL), and the Netherlands Development Organisation (SNV). This consortium decides which projects are funded. The ultimate responsibility for carrying out the Dutch government’s subsidy requirements is in FMO’s hands. This set-up is unique, as it is the first time that FMO has been part of a consortium to bring together NGOs, a development bank and commercial actors.

The consortium members have complementary competencies. SNV and WWF-NL have their local networks of country offices, understand the local contexts in which the projects are implemented and can build capacities and provide technical assistance. FMO and CFM do not have this local presence. WWF-NL and SNV possess complementary expertise as well. SNV is more focused on the social aspects, gender, and community-based side of the projects, while WWF-NL is more focused on nature conservation. The consortium is governed by an Advisory Board and an operational committee representing all consortium members. In addition, three investment committees are linked to three DFCD facilities, explained in the next section.

2.4 Structure of the fund

The fund is structured around three separate but operationally linked facilities, each with a specific thematic focus and role across the project lifecycle. These facilities are:

- the Origination Facility (OF)
- the Water Facility (WF)
- the Land Use Facility (LUF)



Source: FMO (2019, February), DFCD Bid Book, p. 3.

The Origination Facility

The Origination Facility (OF) sources and develops projects and ideas into viable business cases for the two DFCD investment facilities: the Water Facility and the Land Use Facility. WWF-NL and SNV collectively manage the OF.

The OF provides grant funding and technical assistance for its activities and has a EUR 30 million budget for 2019–2023.¹⁷ The budget is divided equally between WWF-NL and SNV. This amount is intended to be spent on technical assistance (EUR 8 million), grants (EUR 5 million) and operational costs (EUR 2 million).¹⁸ The funding was planned to be deployed for around 70 projects. Projects are, in principle, identified in the countries where SNV and WWF-NL have local offices.

The facility identifies three phases, in which either SNV or WWF-NL provides technical assistance:

- Scoping: Scouting of potential ideas and projects.
- Structuring: Understanding the business model, identifying gaps and risks and proposing appropriate origination actions.
- Developing: Developing proposals including business model and de-risking activities. **The plans should be bankable and proven to be scalable for impact.** The envisioned climate impact should be quantified and validated.

The OF uses the landscape approach, bringing stakeholders in a particular country together to understand the critical climate issues in a potential project area and to discuss the potential impacts of a selected project on biodiversity and society. Subsequently, the initiating party tries to develop projects in a coordinated and integrated manner.

An investment committee representing all consortium members ultimately decides whether the project will receive grant funding. The grants are result-based financing, meaning that the proponent prefinances the investment. The OF – when facilitated by SNV, WWF has a different modality – does not provide upfront grants, provided that this does not create cash flow problems. The next instalments are reimbursed based on agreed milestones, reported technically and financially by the proponent.

The Land Use Facility

FMO manages the Land Use Facility (LUF) which targets investments in agroforestry, sustainable land use and climate-resilient food production. The LUF has the full range of financial instruments offered by FMO, including growth finance to companies such as grants, equity and debt. It also aims to provide post-construction phase community development and technical assistance financing.

The expected outcomes of the LUF are:

- Climate-resilient land use and ecosystems.
- Climate-resilient food security.
- Lower greenhouse gas emissions.
- Climate-resilient water supply and sanitation.
- Improved wellbeing, economic prospects, livelihoods, and inclusion.¹⁹

The LUF has an investment committee. SNV and WWF-NL are not represented in this committee due to the company-sensitive information shared in those meetings. The LUF can also invest in projects not granted by the OF first, although this was originally the intention. Input on potential investments by the LUF can be requested from the NGOs, but this is not a requirement.

The LUF currently targets investments between EUR 1 million and EUR 10 million. The facility has EUR 55 million, planned to finance 25 companies in three investment cycles until the end of 2037. While the LUF targets relatively small investments, identifying bankable projects of EUR 4 million or lower appeared to be challenging.

The Water Facility

Managed by Climate Fund Managers (CFM), the Water Facility (WF) targets investments in sectors related to water and sanitation infrastructure and environmental protection. The WF aims to contribute to investment development, construction and operational phases. Therefore, the facility provides development grants, equity for construction and operational debt to projects.²⁰ Projects that have graduated from the OF are ideally part of the eligible projects, but this is not mandatory, as with the LUF.

The WF utilises Climate Investor Two's fund structure, a CFM blended finance facility, delivering water, sanitation and ocean infrastructure projects in emerging markets. This fund was created

when the DFCD was launched and includes a EUR 90 million Development Fund, a EUR 1 billion Construction Equity Fund, and a EUR 1 billion Refinancing Fund.²¹ The DFCD is the anchor investor for the Climate Investor Two fund, which currently includes other investors. As the anchor investor, the DFCD co-authored the rules, including the integration of the Rio markers and the LDC targets.²²

The Water Facility also provides post-construction phase community development and technical assistance. The WF may provide up to 50% of the required project development funding, typically up to EUR 2.5 million. Construction funding typically ranges between EUR 5 million – EUR 100 million per investment.²³ The facility has EUR 75 million, planned to be employed in 30 projects.

Expected outcomes of the WF are formulated as follows:

- Climate-resilient water supply and sanitation.
- Climate-resilient land use and ecosystems.
- Improved wellbeing, economic prospects, livelihoods, inclusion.
- Lower GHG emissions.²⁴

CFM's usual procedures are also used for the WF. The NGOs are not part of the investment committee of the WF, in which only CFM and the investors have a seat.

2.5 Eligible parties for the fund

The consortium members have jointly developed the investment criteria. **Only private sector entities with a total value of assets or an annual turnover of at least EUR 6 million are eligible for the fund.** Companies applying for funding can be supported by civil society organisations during the process, but CSOs and NGOs alone cannot apply for DFCD funding. The proponent must be able to pre-finance the project, have a proven track record and have the capacity to roll out and implement the project. Start-ups, therefore, rarely receive grants.

The assessment process contains two phases. In the first phase, the company applies, and the consortium determines whether the company is eligible. The website does not provide a clear overview of the criteria for application. However, there is a basic questionnaire for applicants in which the following criteria determine whether a project is eligible.²⁵ The project must:

- Take place in a country on the OECD-DAC country list.
- Have a principal objective to create climate adaptation or mitigation activities.
- Be aligned with the national development plans and priorities of the host country.
- Include objectives or activities aimed at vulnerable groups (poor, disabled, children, other) and generate positive impact for women.
- Include activities other than those focused on institutional strengthening or enabling environment (legislation change, policy support, etc.).
- Not have activities in the area of deforestation, fossil fuels, or nuclear energy.
- Be potentially commercially viable and financially sustainable and not financed by public or governmental funds.
- Have a required financing of above EUR 50,000.

After application, the Origination Facility, during intake processes, determines whether the project:

- Has the potential to scale up with a long-term finance requirement of at least EUR 6 million.
- Can co-invest cash or in kind via own or external resources.
- Has the ambition to seek long-term financial support from DFCD, as other sources of finance are currently sparse.²⁶

FMO and CFM undertake the second stage of the assessment framework. This assessment focuses on climate and development impact, environmental and social safeguards compliance, financial viability, financial additionality and avoidance of market distortion.²⁷

To be eligible, a company applying for funding should be able to display a viable balance sheet. If this is not possible, the company must demonstrate that it can have a positive free cash flow after three years. There are some exceptions for the forestry sector or projects with a strong business case. This requirement is reportedly less demanding than the regular policy of FMO, which asks for a positive free cash flow after two years.²⁸

Before a client is contracted, the company will be screened according to anti-money laundering and Know Your Customer processes, which identifies any known instances of malpractice from an early stage.

INTAKE OF POTENTIAL BUSINESS PLANS



STAGE 1 ASSESSMENT FRAMEWORK UNIVERSAL SCREENING & ELIGIBILITY TEST FOR ALL WINDOWS (DFCD ENTRY)

KNOCK-OUT CRITERIA (PASS/FAIL)

1. Eligible country
2. Rio Marker2 - climate change mitigation or adaptation
3. Development impacts for vulnerable groups
4. National onership
5. Potential commercial viability
6. Financial additionality
7. No institutional strengthening/enable environment only
8. No deforestation, fossil fuel, nuclear energy

FAIL →



NOT RELEVANT OR ELIGIBLE
CONCEPT NOTES

PASS →



RELEVANT & ELIGIBLE
CONCEPT NOTES



grant & ta support provided by
origination window

Source: FMO (2019, February), DFCD Bid Application Public Version, p.43

2.6 Funding

The Dutch government is the primary funder of the DCFD, and the Dutch Ministry of Foreign Affairs has made EUR 160 million available for the DFCD for the period 2019–2023. Of this amount, EUR 30 million is expected to be spent on project development with a subsequent EUR 130 million meant for investment.³⁰ The DFCD is partly a grant and a revolving fund, intended to be operational until 2037. Project incomes realised during the operational period will be invested in new climate-relevant projects.³¹

The DFCD aims to have 65% (with a minimum of 50%) of the committed funds granted for adaptation and 35% for mitigation. This aligns with the Rio markers and accounts in principle for all Dutch Cabinet climate finance projects. **A minimum of 25% should be allocated to LDCs, and a minimum of 25% should be given to the priority countries for the Dutch government.**

Approved grants will be provided to a maximum of 75% of the total amount of the project, with a maximum of EUR 350,000. At least 25% of the developing costs should be financed by the client company. When the project is scaled up, it can be funded by one of the two revolving investment facilities, and this is expected to be leveraged with external commercial money, amounting to 50% of the total investment.³²

The DFCD should leverage private investments from applying companies or investors. The minimum of private assets to be mobilised is set at EUR 500 million, with the possibility of mobilising investments to EUR 1 billion.³³ From 2024, FMO expects to provide a EUR 240 million loan (partly funded via green bonds) to DFCD, to be guaranteed by the European Commission for 44%.³⁴

Commercial investors in the fund include Aegon, KLP (Norwegian pension fund), IMAS Foundation, Sanlam, BNG Bank (Bank Nederlandse Gemeenten, a Dutch public sector bank), and FMO. Donors are the European Commission and the Nordic Development Fund.³⁵

Most commercial investors are linked to the Water Facility, as this facility requires a lot of equity capital for construction. Currently, only the WF has engaged commercial players. For the LUF, FMO intends to attract funds through green bonds. The financiers of the three facilities are screened according to the standard processes and systems of the consortium members.

2.7 Conclusions of the desk study

Between October and December 2022, Profundo conducted a desk study into DFCD and interviewed several members of the consortium. This section summarises the conclusions of this (unpublished) study.

The DFCD is a unique collaboration between the civil society sector, FMO and commercial investors, improving understanding between the consortium members, bringing climate finance closer to communities who are impacted most. At the same time, the findings based on desk study research of public documents as well as interviews with consortium representatives show important challenges for the DFCD to overcome. While some are being addressed by the consortium seeking solutions, others are not.

Lack of gender goals

While a gender analysis should be done for every project, the DFCD did not formulate particular gender goals. As a consequence, gender is left out of the KPIs and not all projects target women and girls. This raises the question whether women and girls, who are often disproportionately affected by climate change, will benefit enough from the projects. For example, only one of the nine projects identified in the three countries explicitly targets women. This is in line with the IOB's findings that Dutch climate funds fail to adequately reach the ministry's intended target groups, and that gender mainstreaming has not yet been implemented across programmes.

Lack of bankable projects in LDCs

The key challenge, mentioned by each of the consortium members, is the size of the investments. The DFCD intends to invest in projects with a value of EUR 1 to 10 million, but this is still a major challenge for the fund. Consequently, despite the NGOs' efforts, bigger and therefore fewer projects are being financed with the same amounts for each of the facilities. This raises the question to what extent smaller companies,

including start-ups, benefit from the fund, but also how this eventually benefits marginalised groups. The consortium is aware of the challenge of achieving its 25% investment in LDCs and seeks solutions by investigating possible strategic investments in other funds that are capacitated to do smaller investments.

Limited role of NGOs

SNV and WWF-NL clearly play a key facilitating and mobilising role in the Origination Facility, and they scope the impact of projects. However, their role in the other facilities is less clear. They are not part of the investment committees of the facilities and consulting them is not mandatory. This raises the question whether the other two facilities are sufficiently equipped to ensure that projects really benefit marginalised groups (including women), a key aim of the DFCD. The consortium indicated that governance structures of FMO and CFM do not allow for mandatory external investment committee members, but that the NGOs can always be asked for input and that FMO will work on establishing informal investment meetings.

Lack of common understanding

The collaboration between nonprofit and profit oriented organisations in the consortium has brought to light issues around mutual understanding and expertise, for example related to the bankability of projects and the inclusion of vulnerable groups. Nonetheless, interviews with consortium representatives suggest the different organisations are moving closer to each other.

Lack of consistent reporting

Overall, information about DFCD work in specific countries is scattered across a variety of sources, including reports and news items published by consortium members and recipients. As of September 2023, the DFCD is still due to disclose information on how the projects have been performing. Annual reports from the DFCD are mainly financial overviews. No detailed reports have been published on the processes in the countries, the inclusion of vulnerable groups or on the other identified KPIs.

3.0 Research methodology





This chapter briefly explains the research methodologies employed by the three field teams in Bangladesh, Kenya and Uganda to conduct the field research in a bottom-up and participatory manner.

After the desk research part of the study was finalised, the ActionAid offices in Bangladesh, Kenya and Uganda hired local researchers to undertake the field research. The three research teams conducted field research between January and April 2023. ActionAid Netherlands organised several online meetings with the lead researchers and field team members to get acquainted with the teams, present the results of the desk study, coordinate research design and roll-out, ensure harmonised approaches and mutual learning, and discuss the progress of the field research. Profundo developed basic field research guidelines for the three teams to further harmonise the research process and consolidate research outcomes (see Appendix 1). Input from the teams was integrated into the guidelines and discussed in one of the online meetings.

ActionAid's country offices facilitated the fieldwork by introducing the research teams, establishing contacts and approaching potential research participants. Communities were approached without involving the companies implementing the projects to avoid influencing by the companies. For the same reason, the DFCD consortium and local SNV and WWF offices were also not engaged in the research.

The field research was based on capturing community perspectives in a qualitative manner. The main methods included field visit observations, interviews and focus group discussions with community members. Audiovisual materials were collected as well. The key objective of the study was to capture community perspectives on how they had been engaged by the projects and the socioeconomic and environmental impacts of the projects. This was done while the first phase of the DFCD was still operational, and therefore contains an early assessment of impacts.

Profundo consolidated the three country reports into one report together with the desk study findings, thus chapters 3–6 are based on the reports written by the three research teams in Bangladesh, Kenya and Uganda. This consolidated report of the desk study and field research was then shared with members of the DFCD consortium with the invitation to provide feedback and participate in a roundtable discussion. The feedback was consequently incorporated either in the main text or in the epilogue. ActionAid then added the introduction and epilogue and edited the whole report, after which the consortium was invited to do a final factcheck.

3.1 Project selection

In total, seven projects were selected. Two projects were chosen in Bangladesh and Uganda, as these were the only projects funded by the DFCD at the time of the field research. Three projects were selected in Kenya out of the six DFCD projects in that country. The



selection criteria considered were:

- Duration of the project.
- Variety of activities: A mix of water, forest and energy-related activities.
- Variety of involved facilities.
- Potential impact the projects could have on the community: Sustainability issues, social inclusion/exclusion, benefits and access (or lack thereof) for poorer people.
- Gendered impacts.

Table 1: Overview of selected projects

Project	Facility	Amount	Year	Partner	Sector
Bangladesh					
ACI Agrolink Limited (AAL)	Origination Facility	214,645 (EUR)	2022	SNV	Shrimp value chain development
Ispahani Agro Limited (IAL)	Origination Facility	350,000 (EUR)	2021	SNV	Agriculture
Kenya					
Komaza	Land Use Facility	7.5 million (USD)	2020	FMO	Tree planting
SokoFresh	Origination Facility	236,000 (EUR)	2021	SNV	Off-grid cold storage
Solar Water Solutions (SWS)	Origination Facility, Water Facility	142,500 (EUR)	2020	SNV, CFM	Solar-powered water purification system
Uganda					
Mandulis Energy Company (MEC)	Origination Facility	349,000 (EUR)	2021	WWF	Sustainable energy
The New Forest Company (NFC)	Origination Facility	279,001 (EUR)	2020	WWF	Tree planting

Source: FMO, SNV, WWF-NL, company websites



3.2 Bangladesh

The research team in Bangladesh consisted of six people. For the ACI Agro Limited (AAL) project, the team visited Kaliganj Upazila, a subdistrict of Satkhira district, between 19 and 24 January 2023. This district is the only area where the project operates, and people here mainly depend on agriculture, shrimp farming, fishing and livestock. Satkhira is one of the most badly affected areas in terms of climate vulnerability. It is situated near the Sundarbans, the world's largest mangrove forest, home to several ethnic minority groups.

Out of the 16 districts (and 40 subdistricts) where Ispahani Agro Limited (IAL) operates, the research team picked two northern districts, Rangpur and Dinajpur, and one southern coastal district, Khulna. The study concentrated more on four subdistricts of the two northern communities because IAL prioritised them for the DFCD project. The team visited Rangpur and Dinajpur between 14 and 18 March 2023, and Khulna between 27 March and 30 March 2023.

The research team attended orientation meetings at the Dhaka offices of AAL and IAL before commencing the field visits to conduct interviews and focus group discussions (FGDs) with the project farmers and other relevant stakeholders. They randomly selected respondents and participants of the FGDs using a conscious gender-balance approach. The team members also attended two AAL cluster meetings with beneficiary farmers, as participant observers. The IAL project was implemented sporadically in different areas. They only targeted their customers and did not form a cluster group like AAL. As a result, the research team could not observe or participate in any beneficiary meeting for this company.

In addition to beneficiary farmers under the DFCD projects, the research team interviewed AAL and IAL staff, local business partners, local pesticide and fertiliser dealers, civil society representatives, non-beneficiary local farmers, local farmers-cum-activists from local CSOs working on climate change and sustainable farming practices, SNV Bangladesh and SNV Global officials, project-related officials, and local agriculture and fishery officers.

In total, 73 interviews were conducted, and four focus group discussions were held. Of the total number of interviewees, only 5% of the respondents were women, largely due to the general underrepresentation of women among the project beneficiaries.

3.3 Kenya

In Kenya a team of five researchers conducted field research between 22 March and 2 April 2023 in various locations:

- For SokoFresh: Kandara and Gatanga constituencies in Murang'a County.
- For Solar Water Solutions: Kitui County.
- For Komaza: Sokoke Village, Kilifi County.

A mixed-methods approach was used based on interviews and focus group discussions. The team conducted semi-structured interviews with 25 resource persons: eight each for SokoFresh and Solar Water Solutions and nine for Komaza. These included company officials, lead farmers, water vendors, water facility users, non-water facility users, forestry services staff, county government staff and local administrators, agricultural extension officers, area leaders,

faith-based leaders, and community leaders of various organisations working with the intended beneficiaries.

Additionally, the team organised focus group discussions (FGDs) with an average of nine participants per FGD. Participants included mainly people who had worked directly with the projects but also community members who had not been directly involved. Six FGDs were done for both SokoFresh and Solar Water Solutions, and five FGDs for Komaza, out of which one with only women and one with only youth.

3.4 Uganda

The research team in Uganda was led by two researchers and also used a mixed-methods approach. The team conducted 20 face-to-face interviews with selected key project stakeholders:

- Leaders of community-based organisations, such as Bukakikama Cooperative Society and Nyamwasa Outgrowers Association.
- Village and opinion leaders.
- Representatives of cultural and religious leaders at community level.
- Technical staff of the implementing companies.
- WWF-UCO.
- Local district governments such as Kassanda, Nwoya and Rubirizi districts.
- Uganda Wildlife Authority.

Focus group discussions (FGDs) were held with CBOs and community groups. Purposive sampling was used to select respondents, i.e. randomly selected from lists of members of community-based organisations. At least 40% of the FGD participants were women and 20% were youth. For the New Forest Company, the team conducted FGDs in Kassanda district with 52 direct and 244 indirect beneficiaries. Direct beneficiaries included the tree-growing association supported by the project. Indirect beneficiaries included community members living in the project areas impacted by the project.

Similar methods were used in conducting the FGDs at the community level for Mandulis Energy. However, some communities were approached after consultation with Mandulis Energy due to the challenge of access to information on some of these beneficiary communities as the project was in its inception phase. FGDs were therefore held with potential community beneficiaries in Kyambura, Rubirizi District.

The researchers also visited one of the currently operating facilities by Mandulis Energy in the Nwoya district in northern Uganda, established with funding from EEP Africa. This facility will be scaled up with funding from the DFCD. Researchers consulted with the team employed to manage and maintain this facility and the beneficiary community.

3.5 Limitations of the study

One limitation that all research teams encountered was the limited publicly available project information that could be shared with field teams, especially about beneficiaries. Identifying some of these communities without the project implementers' prior engagement proved a challenge. Some were identified through consultation and interaction with the respective project's key stakeholders. Another limitation is that the study period in all countries was relatively short.

Other limitations identified by each of the teams:

- In Bangladesh, the team could not participate in beneficiary meetings for one company (IAL) as it did not form any group or cluster.
- In Uganda, gaining the trust of some community members, who were suspicious about the study, was challenging. They informed the companies, resulting in trust issues. Consultation with NFC was derailed until an official explanation letter from ActionAid Uganda's Country Director was provided, while Mandulis Energy provided carefully crafted responses once the team provided explanations.
- In Kenya, some potential respondents also appeared to be sceptical and uneasy when asked to contribute to the study, as they were unaware and suspicious of its consequences. The ActionAid International Kenya staff explained the intention and assured the respondents that the findings were purely to be used for the project and that the information given would be treated with the utmost confidentiality.

More generally, the research is inevitably limited by its scope with the field study based on interviews, focus group discussions and observations. Being a qualitative study, no statistical evidence is provided. Furthermore, as mentioned in the research objective, the aim is not to do a comprehensive impact assessment but to capture community perspectives. Therefore, the climate impacts, especially regarding mitigation, are not

fully captured from a natural science perspective but are based on community perspectives, according to the aim and scope of this research. Finally, consortium members noted that in some cases impacts of the companies' operations as reported by community members were more about the company's general operations and not necessarily the specific activities that DFCD had provided funding for, in particular where projects were still in origination phase and impacts are longer term. Nonetheless, for the current research project we consider it important to also incorporate and document these impacts as they are relevant warnings on the company's general functioning as well as its impacts on, perceptions by and relations with communities.

The key objective of the study was to capture community perspectives on how they had been engaged by the projects and the socioeconomic and environmental impacts of the projects.

4.0 DFCD projects in Bangladesh, Kenya and Uganda





This chapter introduces the seven DFCD projects in the three countries that were selected for field research. First a brief context is provided on climate issues in each country.

4.1 Climate context of the three countries

4.1.1 Bangladesh

Bangladesh's distinctive geographical and biophysical characteristics have rendered it one of the most disaster-prone deltas in the world, experiencing extreme climate events such as floods and tropical cyclones. Socio-politico-economic vulnerabilities exacerbate the biophysical vulnerabilities that result in losses of lives, destruction of infrastructures and economic assets, and affect the livelihoods of the poorest and the most vulnerable people.³⁶

The impacts of global climate warming are felt, including increasing temperatures, changing rainfall patterns and drought. It is expected that agriculture, providing a livelihood for 60% of the population, will be highly impacted by the loss of land and declining crop production, eventually leading to displacements of thousands of people. Conflicts related to land and water use will increase, too. Marginalised groups, including women and children, are disproportionately affected in such cases.³⁷

While the country is called a “poster child” of climate change, Bangladesh contributes little to global emissions. The country emitted 0.623 tonnes of CO₂ per capita in 2021, compared to global per capita emissions of 4.81 tonnes in the same year.³⁸

Billions have been invested by the Bangladeshi government, with the support of various national and international funds and aid agencies, to improve resilience and reduce biophysical vulnerabilities. After India, the country remains the second largest recipient of approved multilateral climate change public funds in South Asia.³⁹ Still, Bangladesh has significant investment needs for climate action.

4.1.2 Kenya

Per capita emissions in Kenya in 2022 were 0.5 tonnes in 2022. At the same time, it is among the sub-Saharan countries highly vulnerable to climate change, experiencing droughts, floods, erratic rainfall patterns, pests and diseases, and armed conflicts, all severely impacting the livelihoods of the local communities. The economy relies on climate-sensitive sectors such as agriculture, water, energy, tourism, wildlife and health.⁴⁰

Of most crucial concern is food security, affected by variations in rainfall patterns and increased daytime temperatures. Poverty and food insecurity in Kenya are intricately linked and have been worsened by climate change. Climate finance is required to adapt to the impacts of climate change, as well as large-scale investments to reduce emissions significantly.

4.1.3 Uganda

Similar to the other two countries, Uganda is very vulnerable to the impacts of climate change while contributing only 0.07% to global GHG emissions.⁴¹ Climate change has significant impacts on livelihoods and economic development, with unpredictable rainfall patterns, harsher droughts and increasing temperatures affecting the climate-sensitive sectors the country depends on, especially agriculture, fisheries and forestry.⁴²

Decreasing crop and livestock productivity has resulted in food insecurity and hunger, proliferation of pests and diseases and invasive species, and increasing incidences of malaria. Landslides and mudslides have destroyed infrastructure while land and soil degradation and soil fertility depletion result in poor yields. Climate change exacerbates limited access to resources (water, firewood, grazing land), leading to increased conflicts and violence at household and community levels, including gender-based violence. Climate change's economic impacts on the country are expected to amount to an estimated annual USD 3.2–5.9 billion within a decade.⁴³

Uganda has developed a policy and institutional framework to increase climate change resilience at different scales. This has facilitated investment in climate action (both adaptation and mitigation) by the government and development partners. An estimated USD 28.1 billion is needed to implement Uganda's updated climate plans.⁴⁴

Per capita CO₂ emissions

Carbon dioxide (CO₂) emissions from fossil fuels and industry¹. Land-use change is not included.



Data source: Global Carbon Budget (2023); Population based on various sources (2023)

OurWorldInData.org/co2-and-greenhouse-gas-emissions | CC BY

1. Fossil emissions: Fossil emissions measure the quantity of carbon dioxide (CO₂) emitted from the burning of fossil fuels, and directly from industrial processes such as cement and steel production. Fossil CO₂ includes emissions from coal, oil, gas, flaring, cement, steel, and other industrial processes. Fossil emissions do not include land use change, deforestation, soils, or vegetation.

4.2 DFCD projects in Bangladesh

DFCD currently funds two projects in Bangladesh, ACI Agro Limited (AAL) and Ispahani Agro Limited (IAL). Both companies received funding from the DFCD Origination Facility and technical assistance from SNV to implement two pilot projects in Bangladesh's northern and southern areas. The team in Bangladesh found that the two projects selected by DFCD out of 22 proposals were chosen because SNV Bangladesh had previously worked with both companies.

4.2.1 ACI Agrolink Limited

ACI Agrolink Limited (AAL), based in Dhaka, is a subdivision of ACI Limited which originated from Imperial Chemical Industries (ICI), a British multinational company from the colonial era. ACI Limited products include pharmaceuticals, toiletries, electronics, food products and paints. AAL deals in agricultural products, livestock, fisheries and farm equipment with a retail chain of shops in the country.

AAL received EUR 107,000 in 2020 from the DFCD Origination Facility, including technical assistance from SNV⁴⁶, to develop a water-based business facility proposition on climate-resilient black tiger shrimp value chain development, aiming to link farmers with the export market. The amount increased to over EUR 214,000 in 2022 when AAL signed the project agreement with SNV.⁴⁷ At the time of writing, this information was missing in the project overview on the DFCD website.⁴⁸

The project aims to address smallholder farmers' local production capacities and create high-value export foodstuffs by introducing newer, climate-resilient and sustainable shrimp farming methods based on contract farming models and capacity building. With the DFCD funds, AAL wants to improve Bangladesh's black tiger shrimp industry by introducing a new, non-traditional shrimp farming method. Shrimp farmers living in Bangladesh's Ganges deltaic coastal region are vulnerable to the effects of climate change. AAL expects that the DFCD project will create opportunities for additional funding if the newer farming method helps reach economies of scale. AAL formed four clusters involving shrimp farmers living in the Bathuadanga, Ganapati, Golkhali, and Tarali areas of Kaliganj. Apart from the Ganapati cluster, the three are in and around the AAL shrimp processing plant in Bathuadanga. This 100% export-oriented plant can process 30 tonnes

of shrimp daily. AAL aims to promote contract farming to manage a sustainable, climate-resilient and efficient supply chain to export shrimp to the target countries, including the EU, the USA and Japan.

AAL expects to increase the income of the shrimp farmers by 15% and introduce newer shrimp cultivation methods on 18,750 hectares of farmland. The aim is to create 10,000 jobs and help an additional 30,000 climate-vulnerable people indirectly involved in shrimp farming-related activities in the project area.

4.2.2 Ispahani Agro Limited

Ispahani Agro Limited (IAL) has its headquarters in Dhaka and is a sister company of M. M. Ispahani Ltd. It started operating in 2007 in the seed, biotech, crop health and agro-processing sectors. IAL seeks to create a full-fledged agribusiness unit that will contribute to creative and sustainable methods for shrimp farming, agriculture, safe food production and environmental protection. The company produces seeds, biopesticides and fertilisers. It processes food items and sells them to consumers and retailers, and it's a leading supplier of rice, fruit and vegetables to supermarkets in Bangladesh.

The DFCD Origination Facility gave IAL a grant of EUR 350,000 in 2021, including a technical assistance package from SNV Bangladesh.⁴⁹ At the time of writing the project was not included in the project overview on the DFCD website.⁵⁰

IAL implemented the project in 40 scattered locations in 16 northern, northern-western, and southern districts in Bangladesh, with two primary objectives:

1. Increasing awareness among the farmers about IAL-produced climate-resilient seeds and biopesticides.
2. Incorporating the farmers into IAL's marketing system to bring about large-scale change by introducing these products.

IAL project areas include drought-prone districts as well as districts with salinity issues. The project aims to increase the income of 500,000 smallholder farmers by 15–20%, including 150,000 women, owning a minimum of .02–1.007 hectares of firm land. The project plans to bring 75,000 hectares of cultivable lands under the newer cultivation method.⁵¹

4.3 DFCD projects in Kenya

At the time of research, DFCD was funding six projects in Kenya. The Origination Facility grants three projects, one is supported through the Land Use Facility and two through the Water Facility. It should be noted that the DFCD projects overview only mentions five projects as per October 2023, Solar Water Solutions is not mentioned.⁵²

4.3.1 Komaza

Komaza is a social enterprise company operating in Kilifi County since 2006 and focuses on sustainable forestry and rural economic development.

In 2020, Komaza secured a USD 7.5 million DFCD investment⁵³ through the Land Use Facility as part of a USD 28 million series B round with Novastar Ventures East Africa Fund, AXA Investment Managers, (through the AXA Impact Fund: Climate & Biodiversity) and Mirova's Land Degradation Neutrality Fund. This is intended to support Komaza's efforts to plant and manage trees on smallholder farms, improve the wellbeing, economic prospects and livelihoods of vulnerable groups and small-scale farmers, and enhance the health of critical ecosystems.

Komaza mainly focuses on tree planting on private land with the voluntary participation of farmers, but it also has two plots of land where they grow the trees themselves. The farmers who work with Komaza do so by engaging in a formal contractual process. The company supports farmers by providing tree seedlings to plant various tree species including *Eucalyptus grandis* and *Melia volkensii*, and helps them to manage their tree farms, including pruning, thinning and weeding. In addition, it provides support to harvest and market wood products. Komaza has a network of buyers they connect with the farmers.

The company's approach to working with farmers is based on a partnership model that involves identifying and recruiting farmers interested in establishing tree farms on their land. The organisation targets small-scale farmers (0.5 to 1 acre of land) with underutilised or degraded land and who are interested in generating additional income from sustainable forestry.

4.3.2 SokoFresh

SokoFresh is a social enterprise working with horticulture farmers in Kenya. Through the

Origination Facility, the DFCD granted EUR 236,000 including technical assistance from SNV in 2021 for the off-grid cold storage. The DFCD funding aimed to address post-harvest losses and increase farmers' income by providing a cooling system and offering digital market linkages to smallholder farmers. This should increase revenue by 18% for 8,500 smallholder farmers by year 3 and 44,000 by year 10.⁵⁴

SokoFresh works in Muruka ward of the Kandara Constituency in Muranga County, with limited activities and engagements with farmers in the Kairi area. The company has been operating since 2019, mainly as a fruit exporting company. They also work with farmers' groups and individual avocado farmers. SokoFresh has established a cold storage facility in Muruka ward.

4.3.3 Solar Water Solutions

Solar Water Solutions received a DFCD grant of USD 108,000 from the Origination Facility in 2020 and since graduated to the Water Facility.⁵⁵ No information on the project is found on the DFCD projects' overview on the website, as per October 2023.⁵⁶

The project is designed to install solar-powered water pumping systems to desalinate water and eventually provide quality water for domestic consumers in Kitui County. This involves constructing solar-powered boreholes, water supply systems, and irrigation systems. The investment aims to benefit 400,000 people, including more than 50% women and around 30% children.⁵⁷

The project involves installing a mobile container to house a reverse osmosis water treatment plant, solar panels, and a water ATM to enable communities to purchase safe and clean water after purchase of water tokens. Most of the water sources within the region are salty with high quantities of fluoride. The desalination equipment removes salt and fluoride substances from the groundwater. With the help of data provided by the county government of Kitui, Solar Water Solutions selected six of the 240 boreholes to install the desalination equipment. The local government introduced the company to the communities and facilitated the construction of the facilities.

The project was implemented between 2021 and 2022 in Katothia, Kabati, Ndathani, Ndauni, Mutuni and Ndetani. The project's functional areas were supposed to be in the rural areas. However, Kabati was chosen to evaluate the performance in urban settings.

4.4 DFCD projects in Uganda

According to the DFCD website, the DFCD supports two projects in Uganda through the Origination Facility as of October 2023. These are Mandulis Energy and the New Forest Company.

4.4.1 Mandulis Energy

Mandulis Energy pioneers innovative renewable energy technologies to achieve climate mitigation, improve small farmers' income, provide affordable electricity, reduce CO₂eq emissions and generate significant savings on energy-related costs.⁵⁸

The DFCD Origination Facility granted EUR 349,000 in 2021, including technical assistance from WWF. Although the grant was approved in November 2021, the field team found that the contract was only signed in July 2022. At the time of the field research, the project was found to still be in its inception phase with the company only undertaking preparatory activities, including the identification of sites, consultations with Uganda's Electricity Regulatory Authority and feasibility studies (both legal and technological).⁵⁹

The project is expected to:

- Provide energy for 150,000 people.
- Save one million trees annually from being cut for charcoal production.
- Reduce 60,000 tonnes of CO₂eq emissions annually.
- Reduce considerable pulmonary diseases from indoor air pollution, which affects women and children in particular.
- Provide human-wildlife insurance for financial loss of damaged crops by wildlife to reduce human-wildlife conflicts.

Mandulis Energy runs two mini-grids in northern Uganda, providing 102 households with clean electricity. The company intends to scale up this existing facility with DFCD funds to expand electricity generation capacity to 500kw and connect 1,000 households. Agricultural residues such as rice husks, groundnut shells and maize cobs are used as raw materials and feedstock, collected from companies for a fee.

Additionally, the company produces energy briquettes and fuel-efficient cook stoves that use biochar, the recycled by-product from the gasification process for electricity generation. The company works with community leaders to identify and select individual community members to work with them to develop and pilot the project.

Furthermore, Mandulis Energy intends to work with existing insurance companies to develop an insurance scheme compensating farmers whose crops are destroyed by wildlife. Those crops can be used as feedstock for energy production.

4.4.2 New Forest Company

The New Forest Company (NFC), founded in 2004, aims to develop 20,000 ha of tree plantations (eucalyptus and pines) in Luwunga and Namwasa central forest reserve and in Kassanda district. This is a market-based approach to privatise the emissions stored in trees for selling them as carbon credits. According to a study commissioned by the DFCD, eucalyptus and pine are the only economically feasible species. A mill is set up specifically for eucalyptus.

The DFCD Origination Facility provided a grant of EUR 279,001, with technical assistance from WWF in 2020, for supporting tree planting and new land acquisition, timber processing, diversification, conservation activities, and smallholder afforestation and livelihoods and certification.⁶⁰

Direct beneficiaries are communities within the immediate landscape of the Namwasa Central Forest Reserve in Kalwana Sub County, Kassanda district. The project aims to improve the protection of the Central Forest Reserves through routine surveillance involving community members' participation. Off-takers should eventually be contracted through the Verra carbon market standard.

Between 2006 and 2010, prior to DFCD's engagement with NFC, the company forcefully evicted over 10,000 people in order to gain access to land to grow eucalyptus and pine trees. Houses were reportedly burned, crops destroyed, and some residents imprisoned. Respondents stated that the company did not adequately follow up promises made to affected communities, including land for resettlement and the construction of houses, schools and health centres. This led to distrust among the communities. While some



benefited from relocation, others did not. Later, NFC tried to compensate by constructing community infrastructure, including a school. These evictions have previously been investigated by other organisations, however it was beyond the scope of this research to investigate this history in detail. According to the DFCD, this history has been part of its due diligence process.

This history explains the resistance among community members when the company presented its plans to acquire lands for the project.

Socio-politico-economic vulnerabilities exacerbate the biophysical vulnerabilities and affect the livelihoods of the poorest and the most vulnerable people.

5.0 Field research findings





This chapter describes the findings of the field research done in Bangladesh, Kenya and Uganda. The main topics covered are the selection of beneficiaries, engagement of communities, socioeconomic impacts and environmental impacts of the seven DFCD projects. The focus is on community perspectives on these issues. As most DFCD projects have not yet matured, only short-term impacts could be observed.

The way projects are designed and developed is a key determinant for a project's success in terms of impact and sustainability. Critical questions to ask here are: How were beneficiaries (i.e. those who participate in or directly benefit from the project) selected? How have the companies involved communities, both beneficiaries and non-beneficiaries and in particular women and marginalised groups, in the project design? How have communities been consulted, and how have potential concerns been addressed? When it comes to the projects impacts, field teams asked communities what they saw as the social, economic and environmental impacts of the projects so far.

5.1 ACI Agrolink Limited (AAL)

In Bangladesh, AAL's shrimp project was found to not include marginalised groups as the main beneficiaries, with a particularly low number of women participating. Some of the main impacts reported were high investments required from farmers, as well as tension because of a perceived bias in who benefits from the project.

5.1.1 Selection of beneficiaries

AAL was found to select farmers living near its shrimp processing plant or regularly selling shrimp to the company. Several non-beneficiary respondents told the field team that AAL's field-level officials first contacted the local government leaders to form clusters and select beneficiaries. The team found that in many cases relatives of the cluster leaders and officials became the beneficiaries, but exact numbers are not reported. Several cluster respondents admitted that they were the relatives and friends of a cluster organiser. Meanwhile, one smallholder beneficiary farmer disclosed that he had no other option but to join the cluster as his farmland was in the middle of two bigger farmlands, and he was at the mercy of their owners for carrying and removing saline water.

The field team further found that all the cluster leaders own more land than the other cluster members. One cluster leader, a former local dealer of two companies, bore all the costs of setting up the cluster office on his land, while another was an ex-employee of a bank with a postgraduate university degree. These findings suggest that the clusters' leadership is given to the wealthier community members, further reinforcing their more powerful position.

According to SNV, farmers' willingness to participate played a key role in the selection. While not everyone was eager to join, interest increased after discussions with them. SNV stated that financial background was not a criterion, but that the selected person should be respected and able to influence others locally.

The gender balance among the AAL beneficiaries was found to be very poor. **Only 5% of the cluster members were women and their participation appeared to be more tokenistic than genuine.** Moreover, male participants appeared to be the most dominant in the decision-making process, and some expressed scepticism about women's roles in shrimp farming. Despite the four salaried staff employed by AAL for the project, the field team found that effective monitoring mechanisms were not used to determine whether the selected farmers fulfilled economic, environmental and socio-political vulnerability criteria, leading to exclusion of marginalised groups, including women.

5.1.2 Socioeconomic impacts

One of the negative socioeconomic impacts connected to the AAL project is the high investments required by farmers. First, farmers are required to buy shrimp fries and feed from the designated hatcheries of AAL. Secondly, they need to invest in excavating their lands. Traditionally, farmers dig their farmlands 3–4 ft deep, but for the project they must increase its depth to 6–9 ft to create a cool zone for the shrimps to take refuge. Farmers need to rent a vacuum excavation machine which costs 1500–2000 taka (EUR 13–17) per hour. Third, the new method of shrimp aquaculture also requires installing fishing nets around the entire perimeter of the farmlands with relatively high dykes, to prevent shrimps from washing away during flash floods or heavy rains. Finally, farmers must also use gut probiotics and medicine to improve shrimp production which they have to buy from the company as well.

All these activities entail higher costs than the traditional method, sometimes double or triple. Consequently, AAL farmers were found to depend on local moneylenders, NGOs and relatives to find the extra money. Some even sold or mortgaged their wives' ornaments. Not only does this bring farmers into debt, but these practices can also create a permanent patron-client relationship between the farmers and the company where farmers risk losing their autonomy.

Not only are farmers' investment costs higher, but they also lose other potential sources of income. Under the new method, farmers can only cultivate shrimps while in the traditional method of shrimp aquaculture they can co-cultivate other types of fish, such as shada machh (silver-coloured fish like silver carp, catla and rohu) which generate a substantive amount of profit. There is thus decreased income diversification. Meanwhile, it is unclear how much farmers would benefit from AAL's product insurance. Farmers pay a premium but can claim insurance money only when they incur a loss in shrimp production due to environmental disasters like flash floods or heavy rains, not in case of virus infection or other non-environmental reasons. Respondents of one cluster indicated that they would return to the previous practice if profits from the yields were not satisfactory.

Besides economic impacts, the field team noted several social impacts as a result of the AAL project, including increased social tensions. In general, critics and scholars connect shrimp farming to exacerbating social and political issues like exploitation, harassment and land disputes in Bangladesh.^{62 63}

While the AAL project aims to benefit small farmers, the motivation for high profits also attracts local rich and influential people which can create tensions and conflicts within the clusters. For example, in all four clusters, those with the most extensive land and political-economic clout can become president and general secretary. At least half of these people have relatively large businesses or shops and are not solely dependent on shrimp farming for their livelihoods. The research team found that the general secretary of one cluster mobilised and selected the members, chair and general secretary of another beneficiary cluster. This further consolidates the power of local elites, helping them to exert power over others, including non-beneficiaries, of the project.

The research team witnessed an incident exemplifying such social tensions. While conducting interviews in the cluster office, a non-beneficiary farmer got into a heated verbal exchange with members of one of the clusters. He complained that saline water was being drained through his pond and leftover soil dumped on his land after raising the heights of the dykes. He became furious with the cluster members but

found them non-responsive and oblivious to the issues he raised.

In another area, non-beneficiary farmers alleged that they could not carry water to their ponds from the nearby river because the AAL farmers closed the non-beneficiary farmers' side of the river channel. When the research team wanted to know how the cluster members could solve the issue, one of the members told them to suggest the other farmers use a water pump.

Finally, the project was not found to promote gender equality. Not only were very few of the beneficiaries women, they also lacked decision-making power, with their spouses controlling the farmland, cultivation and profits. The project thus seems to fail so far to help overcome structural barriers to women or improve gender equality. This is a key area for improvement, especially as AAL acknowledges that shrimp aquaculture is one of the few agricultural activities in the Ganges Delta where women can contribute, given the rural livelihood and lifestyle.

5.1.3 Environmental impacts

To increase production and prevent viruses and the death of shrimp fries, farmers are supposed to:

- Adopt a particular method of preparing the pond, i.e. increasing the depth of the pond, raising dykes and completely bleaching the pond (removing all local flora and fauna).
- Use safe hatchery-born fries.
- Feed the fries with probiotic foods.
- Keep water salinity at a correct level by maintaining the PH of the water.
- Arrange insurance for the shrimps in case of a natural disaster.

Some of these methods are controversial. For example, the head of a local NGO and a senior journalist opined that the standard for increasing the depth of the pond would increase the salinity level in the pond's soil, putting the adjacent non-shrimp crop and paddy fields at higher risk. One of the cluster leaders explained that crabs are often a by-product in traditional shrimp aquaculture. When the crabs die, this can be an early warning sign because shrimps often die 4 to 5 days later. As this is not possible with the new method, it was perceived as a risk of biodiversity loss.

Whereas some respondents expressed satisfaction with the project, several CSO members, NGO

officials and local journalists cautioned that the new method could eventually affect vegetable, rice and other crop cultivation.

Generally, farmers were not properly aware of the project, particularly the environmental and climate aspects of it. Several beneficiaries and even a cluster leader stated that climate changes were "Allah-provided" and "inevitable" natural disasters and that they could only adjust to that fact. Furthermore, respondents indicated they did not receive training specifically about climate change. According to them, the training programmes focused on employing the new method to increase shrimp production to be competitive. Farmers were of the opinion that salinity intrusion is good for shrimp cultivation.

The field team found that project officials of AAL were more concerned with profitability, scale and bankability than the climate or social impacts of the project. For example, speeches by company officials in cluster meetings emphasised how the project would increase shrimp production compared to other neighbouring states. Only one visiting SNV Bangladesh official raised the question, in the researchers' presence, how the DFCD project could increase the export of climate-resilient shrimps.

5.2 Ispahani Agro Limited (IAL)

Similar to AAL, the IAL project on biopesticides and climate-resilient seeds was found to not successfully reach or include marginalised groups in the project. Also here investment costs were higher, although this is supposed to increase production and thus income in the long run. Environmental concerns included the use of certain chemicals and loss of indigenous seed diversity.

5.2.1 Selection of beneficiaries

The field team found that IAL's way of selecting beneficiary farmers was similar to AAL's approach. Despite IAL's goal of reaching 150,000 women farmers, the field team found that the beneficiary selection had little to do with criteria such as vulnerability, social inclusion and gender identity. IAL also did not seem to undertake prior consultation with local communities to identify the area's more climate-vulnerable and marginalised groups.

Based on interviews with beneficiary farmers and local pesticide and fertiliser dealers, the

company was found to prioritise farmers who were considered bankable, had prior business ties and could buy and sell products from and to IAL. For the adaptation trial and demonstration trial, there were no pre-set criteria for selecting any farmers. **Women farmers and farmers of ethnic communities living in the selected trial areas appeared to be excluded because they were landless or did not have much cultivable land.** This suggests that farmers most impacted by climate change and other marginalised groups were not prioritised for selection, which led to the exclusion of those groups. Local business partners are employees of IAL, while pesticide dealers also have their own business interests. Therefore, the selection process is heavily biased toward their respective interests, creating tensions and a feeling of relative deprivation among the climate-vulnerable and poor non-beneficiaries in the project areas.

SNV stated that the risk-averse mentality of farmers was a major constraint of the project, causing farmers to not immediately be motivated to adopt innovations. The NGO observed that farmers who had worked with IAL before showed an interest in working with IAL again.

In interviews, Ispahani staff mentioned that the beneficiary farmers signed formal contracts and paid 300 takas (EUR 2.55) for the deed papers. The farmers did not have copies of these contracts and said all the signed deeds are held at the local office of Ispahani. This suggests that farmers might be unaware of their legal obligations under the DFCD project.

IAL allotted funds to several selected beneficiaries in the project areas, mainly for developing demonstration plots in their respective localities. Beneficiary farmers received between 4,000 and 15,000 taka (EUR 34–128) for using IAL's drought- and flood-resilient seeds and biopesticides in the demonstration plots, but the amount was different for everyone.

5.2.2 Socioeconomic impacts

In the IAL project, farmers adopt a new farming practice using climate-resilient seeds and biological pesticides (biopesticides) that is aimed to increase crop productivity. The biopesticides are said to be environmentally friendly and the seeds salinity- and drought-resilient, which helps to reduce crop loss and increase production.

From the community perspective, one of the issues mentioned were costs, with almost all respondents complaining that IAL's pesticides were more expensive than other companies' pesticides. Moreover, additional investments are needed to prepare land for cultivating hybrid seeds as well as using the biopesticides. Several dealers in Dinajpur confirmed that using IAL's biopesticide would increase the initial expenditures of a farmer. However, they also stated that the farmers would benefit in the long run from the higher yields. Thus, it would be important to verify in a later stage of the project whether in the long run the project indeed leads to higher returns making up for the higher investment costs. Several beneficiary farmers said they took personal loans from relatives, local moneylenders, or microcredit from the NGOs to meet the extra expenditures, suggesting the project risks bringing farmers into debt.

Several respondents stated they experienced crop destruction while employing the new method and inputs. Farmers whose crops were damaged, or demonstration plots were destroyed by pests or natural disasters received less than 10,000 taka (EUR 85).

5.2.3 Environmental impacts

IAL claims that its biopesticides are environmentally friendly, but the research team found that IAL's biopesticides (Bioshield and Bioclean D-Limonene) still include cautions such as keep product away from children and harvest three to four days after spraying. Its product Ecomec 1.8EC contains ingredients such as abamectin which is labelled that it could cause irritation to the eyes and the skin. Several expert agriculturalists confirmed to the research team that company claims regarding these industrial biopesticides were not scientifically proven and that abamectin is considered highly toxic to insects and the environment.

On the other hand, SNV highlights that biopesticides are inherently less harmful than chemical pesticides to human health, but that this does not mean they would not have any adverse impacts upon contact or consumption. Different biopesticides have different levels of toxicity on different species. SNV acknowledges that abamectin is highly toxic to insects and can be highly toxic to mammals but states that studies have been conducted supporting the safety of

agricultural uses of abamectin. Furthermore, the organisation pointed out that the EU recently re-approved the use of abamectin in greenhouses.

As for IAL's climate-resilient seeds, IAL promotes its seeds while claiming that local and indigenous varieties of seeds are less productive, "dirty," disease-prone and unable to adapt to the changing climatic conditions. This practice is common among agribusiness companies and can create a permanent reliance of farmers on companies for hybrid seeds. Many beneficiary and non-beneficiary farmers admitted that it has become harder for them to preserve local seeds in a traditional manner as it requires hard work and time. Several respondents representing local CSOs and NGOs fear that the practice might result in a loss of diversity of local crops.

The field team observed that IAL did not offer their beneficiary farmers training on climate vulnerabilities and sustainable farming practices other than promoting their seeds and biopesticides. In several project areas in Khulna the team found that several local CSOs and NGOs were working closely with farmers on their capacity building for climate adaptation, and they would promote drought-, flood- and salinity-resilient seeds and natural pesticides. However, IAL was not working with them in the implementation of the DFCD project.

5.3 Komaza

In Komaza's tree-planting project in Kenya, women and youth were found to be disadvantaged because they often lack land title deeds. Perceived impacts include increased income, but also increased theft and social tensions due to the limited employment opportunities for local communities at Komaza. Reforestation is the main environmental impact, however, there are concerns about biodiversity loss.

5.3.1 Selection of beneficiaries and community engagement

Although Komaza's key mandate stipulates that it works closely with farmers and other stakeholders to build long-term partnerships, there were complaints that the company had not fully engaged the local community and county government officials.

The Kenyan research team found that women and youth were disadvantaged in the selection of

beneficiaries. Komaza provides farmers with seeds, fertiliser and mite-repellent pesticides and in return, farmers commit their lands to the project in a contract for 10 to 12 years. Most of them are men as they are usually the formal title deed holders. Women and young people in the communities are left out of the Komaza project due to the requirement of land title deeds for participation. As title deeds in Kenya are generally held by older men, women only hold a small percentage: only 1% in their own names and 5-6% in joint names.⁶⁴

"As a young person living in this community, I feel excluded from the Komaza project because I don't have a land title deed. It is unfair that only those with land titles can participate and benefit from the project. Many youths like myself have ideas and skills that could contribute to the success of the project, but we are being left out," youth FGD participant, Nyari.

"I am interested in joining the Komaza project but I don't have a land title deed. It is frustrating that I cannot benefit from such an opportunity because I don't have the required document. I hope the company can find a way to include women like me who have the potential to contribute to the project's success," female respondent, Nyari.

Recruited farmers, county government officials, forestry partners and Komaza representatives reported that most farmers were willing to participate at the beginning of the project because of promises of vegetable seeds and jerrycans for water storage, for example. As this was only provided in the first year of operation, the company has struggled to recruit further farmers. This is also believed to be because the majority of the engaged farmers are not happy with the current arrangement with Komaza. When it comes to the engagement of communities, participants noted that trust and confidence in the project were hampered by lack of transparency. For example, the company did not inform them about a change in prices for the mature trees or did not follow up on promises such as the provision of water when the farmers were experiencing drought. Another issue regarding transparency was that the agreement is written in English which means many farmers don't understand all the details. Despite Komaza sending their staff to work with farmers to monitor the growth of their trees and provide

technical assistance and training as needed, farmers still felt they were not actively engaged in the monitoring process, as they felt the field staff are too few to give adequate time and attention to a farmer. They told the field team that they were not informed about how the monitoring is done and the parameters used.

Government officials also mentioned lack of engagement as an issue. They complained that Komaza did not sufficiently engage them in the design and implementation of the project. They had wanted a closer collaboration with the company, who sought the government's involvement only because they had been facing challenges in getting farmers to sign up for their project and when their trees were being stolen. A DFCD representative related this to the fact that engagement of government officials in Kenya is often associated with per diem payments for their involvement.

County officers also shared that on some occasions the company deterred them from interacting with farmers because the officers were seen as too critical of the project. One of the officers highlighted an occasion where he was barred from interacting with the farmers at an agricultural show because the company officers felt that he would provoke farmers by asking too many questions.

The field team also noted that Komaza does not have a mainstream grievance mechanism where the community members can direct their complaints and feedback. Community members mentioned that most of their issues are raised through the technical officers, but these are rarely addressed. The other avenue they have for their feedback and complaints is through the company's general meetings, but these are few and far between for the farmers to have their issues documented and resolved. The Komaza system was also found to have issues as the details of one farmer were registered under the name of another. This came out at the point of harvesting of the mature trees and the community members complained that it took more than five months to have the confusion sorted and the money given to the rightful farmers.

5.3.2 Socio-economic impacts

A clear benefit from the Komaza project is the additional income that it generates for farmers. This is particularly important for people living in

poverty, and farmers shared for example that this enabled them to pay for their children's education when they harvest. It also aligns with Komaza's goal to improve the wellbeing, economic prospects and livelihoods of vulnerable groups and small-scale farmers.

"I'm grateful for the Komaza project because it has enabled me to pay school fees for my children upon harvesting. This has greatly reduced my financial burden as a parent, and I'm happy that my children are getting an education," parent, Sokoke.

"I joined the Komaza project a few years ago, and it has been a great opportunity for my family and me. Through the project, I have earned an additional income from my land. The Komaza project has positively impacted my family and the community," farmer, Ganze ward.

On the other hand, farmers also complained about delayed payments for the trees they had supplied to Komaza. Some farmers claimed they had to wait several months before receiving compensation from the company. Another concern is the theft of the trees. Most farmers, especially women, reported cases of their trees being stolen.

"I have had many challenges with Komaza since I started working with them. One of the main issues is the delay in payments. And also the stealing of trees that has become rampant in the area. People just come when you are away and cut down the trees; we suspect they sell them for timber. This is very frustrating because we put much effort into planting and taking care of the trees, only for someone to come and steal them," farmer, Ganze ward.

Further gendered impacts of the project are that women do not directly benefit from the income while it does increase their workload. **Women prepare the farm and manage the trees, but the income usually goes to the husband** as most farms are registered under the title holder's name, who, in most cases, is the husband. Women can only receive income from their labour, and sometimes they only hear about the payments from their village peers and friends. Most women that the research team spoke with lamented that they often cannot choose what is planted on the

land, causing food insecurity at the household level. They reported that their husbands planted the trees on land at the expense of maize and other food crops. This risks exacerbating unequal gender relations and increasing women's workload since women are more often responsible for subsistence farming and feeding the family while husbands receive income from the tree planting.

Another social impact reported by the regional Kenya Forestry Research Institute (KFRI) coordinator is an influx of people from other regions into the county to purchase land for the cultivation of trees. Locals dispose of their land cheaply which might lead to conflicts in the long term. Similarly, community members raised concerns regarding the employment protocol of Komaza in Kilifi. They feel Komaza employed more people outside Kilifi, leading to frustration and disappointment among community members who hoped for employment opportunities.

Finally, the project was also perceived to reduce farmers' autonomy. Participants mentioned that the first harvest from the seedlings that Komaza provided belonged to the company and that they do not have any right to sell the trees. If they do, the company sends their staff to evaluate the remaining trees, add the costs of the sold trees, and then the farmers are asked to pay the company the total amount. Farmers feel the partnership has benefited Komaza more than them because the company unilaterally determines the price of the trees.

“Komaza is not paying us enough money to compensate for our land, labour, and securing the Mkomaza (eucalyptus tree) until maturity stage; they come to my farm and buy my Mkomaza for between KSh 100 to KSh—350 (EUR 0.64–2.24), depending on the size of the tree. If I sell the same trees to alternative markets, I can get at least KSh1200 each (EUR 7.67). I feel exploited by this company and intend to pull out of this punitive agreement,” farmer, FGD Sokoke.

5.3.3 Environmental impacts

Komaza has made essential contributions to the area's reforestation efforts, resulting in improved tree cover in the region. The project has planted trees on degraded lands, which has restored the natural habitat and enhanced various ecosystem services.

“The Komaza project has helped with reforestation in the area, and it's had a big impact on the environment. They've planted many trees on degraded lands, which has restored the natural habitat and improved things like soil conservation, water filtration and carbon sequestration”, Kenya Forest Research Institute (KEFRI) Regional Director.

At the same time, government forest agencies raised concerns about the eucalyptus species, which consumes large amounts of water and can dry up wetlands and streams, affecting local water availability. Eucalyptus is a colonising species and has caused competition for sub-surface water with coconut plants in some areas, causing the death of coconut plants. Not only does monoculture cultivation of the trees lead to biodiversity loss, Eucalyptus leaves also contain chemicals that inhibit other plant species' growth, further reducing biodiversity in the area. Local farmers expressed their concern about this too, stating that the trees cannot coexist with other food crops and native trees. These issues counter the company's goal to enhance the health of critical ecosystems.

“As a farmer, I have observed that these trees cannot coexist with other food crops and native trees, which is a cause for concern. The eucalyptus plantations harm the nearby plants, affecting our livelihoods,” farmer, Ganze ward.

“Komaza should prioritise native trees suited to the local ecosystem to avoid unintended negative impact. They should also avoid planting trees in areas designated as catchment zones in the county,” KFS officer, Arabuko-Sokoke Forest.

In response, Komaza staff revealed that the company had introduced *Melia volkensii* as another species, which is expected to contribute to increased soil fertility, improved water retention, and better resistance to pests and diseases. County forestry officers also pointed out that Komaza should be better versed in local laws regarding tree planting. They noted that the company provided seedlings to community members in Chonyi, and the community planted the trees in protected areas.

5.4 SokoFresh

The SokoFresh project in Kenya aims to address post-harvest losses, which are partly associated with climate change as higher temperatures lead to increased pests which cause losses. Farmers were found to have little trust in the project, mainly because of the use of intermediaries. Although the company's swift payments has positive impacts, many farmers complained about the low prices. Communities were generally not aware of the environmental or climate impacts.

5.4.1 Selection of beneficiaries and community engagement

Farmers stated that SokoFresh had met them and informed them about the market component of the project. The company then trained and employed local agents to represent farmers at the community level. These local agents are mandated to train farmers on the entire fruit value chain management and to train fruit tree pickers to ensure that only mature fruit is harvested for market. However, it was not clear how the company selected beneficiaries.

Only one of the six FGD groups had an active engagement with SokoFresh; two had had initial engagements but then opted for other companies due to SokoFresh's low prices when purchasing fruits from farmers. A DFCD representative noted that this is a case of side-selling, which often happens in the context of fluctuating prices. The remaining three groups only had initial conversations with SokoFresh, which had yet to translate into commercial engagement.

Several farmers stated that they needed to be made aware of the company, its leadership, its operations, and its activities, saying they only know the local agents from the SokoFresh company. Only a negligible percentage knew about or had utilised the county's cold storage facilities established by SokoFresh. This can be explained by SokoFresh's reliance on local agents who buy the fruit from farmers, store it in the cooler and sell it to the company. According to a consortium representative, the company usually buys the produce off from smallholder farmers and then uses the cold storage unit themselves for marketing purposes, stating that most farmers prefer this because it gives them an immediate income.

Farmers interviewed by the field team denoted

that SokoFresh's local agents are essentially brokers who buy the fruit to sell to SokoFresh. These agents can pay the access fee for the storage which most farmers cannot. Otherwise only commercial horticulture businesses and a few large-scale farmers store their harvest in the facilities. The field team found that as a consequence the company and its activities are not well known by farmers, and that farmers have less trust because they feel the intermediaries are not transparent.

"The operations of this company are opaque since none of us knows about this company and what they do," male farmer, Kairi focus group discussion.

"This is a faceless company. We do not know them. We only know of their agents. We, as farmers, have issues with their agents. We feel the agents are hiding something, and they are not transparent. But we have no one to raise our concerns to. They may have good intentions, but their agents are not helping them," female farmer, Muruka ward.

One aspect of this distrust is that farmers believe the prices are different from the correct price set by the company. One farmers' group in Muruka ward reported selling avocados to SokoFresh three times but said they stopped because of the company's inconsistency and lack of transparency in its pricing.

"I am sure the price we are given by these brokers and agents, i.e. KSh 50 per kilo, is not the real price the company gives. We need to meet with the top management to present our grievances directly," male farmer, Muruka ward.

Kandara constituency's ward agricultural officers indicated that SokoFresh operates in areas where there is no formal arrangement or cooperation of farmers, as a result of which the company can procure at a much lower price. Most farmers still need legal, contractual arrangements with SokoFresh, a practice entrenched by other companies operating there. This is likely also the result of the strategy to work with intermediaries.

Some farmers complained that the company did not keep its promises. Farmers who prepared their produce upon request from SokoFresh stated that the company did not show up to buy the fruit on

the indicated date and did not explain why. The research team was present when this happened. The company also promised to discuss avocado prices with the farmers to agree on the way forward, but that did not happen.

“SokoFresh officers sent us messages that they would come on 3 October 2022, but up to now, they have never shown up. So, we are still determining if they are serious because they did not follow up to say why they did not come,” avocado farmer, Kairi.

A farmer group interviewed in Gachianjira indicated that SokoFresh called for a meeting in the last harvest season at the Kiamboto shopping centre. The SokoFresh employee didn't turn up, but instead sent a broker who informed them that they should be sending their produce to the collection centre at Muruka.

5.4.2 Socio-economic impacts

The collaboration with SokoFresh has enabled the communities to sell their produce and receive immediate payments. This has allowed them to pay their bills, buy food and livestock vaccines, and send their children to school, despite the company's low prices. SokoFresh was praised for the timely payment of dues. The period between supply and payment is 24 hours whereas other companies usually take longer to pay farmers.

“I still sell my produce to SokoFresh because they pay swiftly. Sometimes, you need money to pay for an urgent need, and the only company that would pay timely is SokoFresh. Even though their prices are low, their pay is fast. So, one must make such trade-offs. When they pick your avocados, they sort the required sizes, get the measurement to know how many kilograms, and within 24 hours, you receive your payment through Mpesa,” male farmer, Muruka ward.

Capacity building is another positive impact of the project, in particular of marginalised groups. Young people and women have been taught how to pick fruit from trees, handle them, control pests and diseases, and use fertiliser. As a result, farmers' knowledge base has improved, and their productivity has increased. However, despite the training, farmers still feared the impacts of excessive use of fertiliser and pesticides on their health and environment.

One of the negative aspects mentioned by farmers are the low prices. Farmers shared that SokoFresh was supposed to buy fruit at a fair price, allowing farmers to make reasonable margins. However, SokoFresh's prices are reportedly the lowest compared to other companies such as Keet, Morefarm, Bio Farm, Kakuzi, Fair Trade, and Veg Pro. Respondents connected this to the company's use of intermediaries, whose shares eat into the farmers' profits. At the time of research, SokoFresh was buying a kilo of avocado at KSh 50 while the other companies are buying for prices ranging between KSh 70 and 120. As a result, some farmers stopped selling their fruits to SokoFresh and opted for other companies.

“We used to supply our avocados to SokoFresh when they were buying a kilo of avocado at KSh 12 per fruit and KSh 60 per kilo, but when they lowered it to KSh 50 per kilo, we refused to supply them. On entry, SokoFresh had better prices, but this has declined over the years,” avocado farmer, Muruka ward.

“We shall continue selling our avocado to SokoFresh only if they give us good prices. We also need to know who exactly SokoFresh is and not the agents. We propose that they should give us KSh 80-100. When they improve on this, we shall continue selling to them,” male farmer, Kairi.

Another negative impact reported to the field team is increased instances of theft. Theft of farm produce is a widespread problem in Kenya and increased with the emergence of avocado oil processing industries which can process avocados of low quality. Some farmers said SokoFresh's use of intermediaries has led to increased theft of farmers' produce, leading to conflicts because brokers do not trace the ownership of fruit.

“Theft is a big issue in this area. The exporting company gives some boys money to get them avocados. Instead of buying the fruit from the farmers directly, they steal them when the owner is not around. This results in losses since the farmers will lose their source of income. SokoFresh should have specific fruit pickers with branded clothing so that we can tell whom they are buying the fruit for,” male farmer, Muruka, Kandara.

Furthermore, one farmers' group reported that the brokers are interfering in the collectivisation of the farmers. They felt brokers prefer to deal with individual sellers because organised farmers are more powerful than individuals in terms of negotiations. The farmers pointed to one occasion where brokers hired people to disrupt a meeting planned by the former governor that was intended to form a farmers' avocado cooperative. The field team was not able to verify whether these brokers were hired by the company, nonetheless such instances should be investigated to ensure farmers' right to collectivisation are protected.

Finally, similar gender impacts are seen as with the Komaza project. **The women interviewed indicated that although they provide labour like applying the manure and doing the weeding around the trees, payments are made to the man, and women generally do not have a right to decide how the proceeds are spent.** Women also reported that the theft of produce is higher among female farmers, putting female-headed households at a higher security risk.

5.4.3 Environmental impacts

Farmers in Muruka could not indicate interventions from the company on climate change. This is potentially because farmers do not themselves use the facilities and therefore do not directly experience a reduction in post-harvest losses. However, many farmers did complain that SokoFresh's fruit pickers needed better training because they picked the wrong fruit sizes that would be disposed of at the roadside because the company would not buy them.

Additionally, despite the training provided, farmers expressed concern about the excessive use of pesticides and fertilisers on their health and the environment. The company works with commercial firms selling pesticides and agricultural inputs to the farmers.

A clear positive environmental impact is the use of solar panels which reduces greenhouse gas emissions and helps increase technology penetration into off-grid areas.

5.5 Solar Water Solutions (SWS)

The third project studied in Kenya provides clean drinking water to communities, through desalination facilities powered by solar energy. The main positive impact is the provision of clean

drinking water in contrast to the saline water that poses health risks. However, the high cost of the SWS water prevented many community members from using the water and thus fails to benefit the most marginalised groups.

5.5.1 Selection of beneficiaries and community engagement

Although SWS was introduced in the community, community members felt they needed to be better included in the project design process. They expressed that they want the company to be more open towards the community and share how much revenue is made from the sale of water. Community members felt the company had not sufficiently engaged them in the water pricing decision-making process. They also felt the Kitui County government should have played a key role in this since public finances were involved in the drilling of boreholes. Meanwhile, the county government also felt they were not fully engaged in the technical component of the project, particularly during the design and installation of the systems, despite owning the boreholes.

“When Solar Water Solutions came in, they approached the county government of Kitui. We have worked with them from inception and introduced them to the community. However, the company did not involve us during the project,” former county executive committee member (local minister) design and implementation for water and Irrigation.

“Solar Water Solutions set the tariffs for water without sufficient consultation or consideration of our needs and affordability. There is no transparency in this project,” female FGD participant.

As for the beneficiaries of the SWS project, local authorities noted a lack of transparency and that they needed more information on the number of community members who had subscribed to the facilities and how much money SWS collects. The field team found that most of the consumers were women, often responsible for household management and therefore likely to be primary beneficiaries. Yet women are also particularly affected by the barriers to access the SWS water, such as high prices and the need for a mobile phone. As women generally have lower incomes, these barriers are more likely to exclude women from benefiting from the project, especially women living in poverty.

Another complaint was regarding the lack of capacity building. The field team found that the company needs to improve capacity of local water management committees to operate and maintain their solar-powered water filtration and desalination devices and facilities. More understanding and knowledge among community members is also needed to enable them to use and maintain the machines effectively. The absence of training and capacity building has limited the community's ability to take ownership and responsibility for the devices, potentially hindering the sustainability of the project in the long term.

“We struggle sometimes to have everyone understand that this is our project and hence the need to maintain it. We hope Solar Water Solutions will not just focus on providing clean water but also create economic opportunities for the local communities in Kitui County by training and hiring local workers to maintain and operate the water filtration and desalination devices,” community leader, Katothia water facility.

Due to a lack of trained community personnel to handle the machinery, the community goes without water when a facility breaks down. This happened, for example, at the Kabati facility when the pump broke and the company had to come from Nairobi to pick it up for repair.

5.5.2 Socio-economic impacts

SWS's main positive impact on the community is the provision of clean water. This is critical for the community's health and wellbeing, and particularly important for marginalised groups such as women and children, who are often disproportionately affected by water scarcity. Most consumers, mainly the women in the community who are tasked with fetching water, have expressed their satisfaction with the water quality provided by the company.

Unfortunately, this benefit is countered by the high cost of the water from SWS, and those who cannot afford it must drink the saline water. Most households can barely afford a meal a day, especially in Katothia, and then they must pay KSh1 per litre of SWS water (EUR 0.0064) on top of that. In addition, a community member had to pay KSh 100 (EUR 0.64) for registration purposes. Because of this, the company's water services are

seen as inaccessible to the community's poorest members. Although the consumption of saline water poses health risks and is usually only used for livestock and construction, some people still buy this because it is much cheaper at KSh 2.5 (EUR 0.16) for 20 litres.

“I have eight children and am the main breadwinner; I can't buy water at KSh 20 for 20 litres when I have an alternative water source at KSh 2.5; the rest of the money I can use to buy food for my children,” FGD participant, Katothia Water Point.

“While we are pleased to have implemented this project and provided access to clean water, we recognise that the cost of water remains a significant challenge for many communities in Kitui County, particularly for vulnerable groups like women and the elderly,” community leader.

Also, the hotel owners in Katothia confirmed they do not get water from the SWS facility but from a church-owned facility 600 metres away from the market due to the costs. The church sells its water at KSh 5 (EUR 0.32) for 20 litres, which is four times cheaper than the SWS water. In the urban area of Kabati, the traders could afford the water, though they also complained of the high cost, which they transferred to their consumers.

Not only is the price a barrier, but location was also perceived as not benefiting marginalised members of the community. Most boreholes are a kilometre from the households; thus, the communities, especially women and young people, still have to walk a distance to fetch water, exposing them to gender-based violence. The facilities are also within markets, so they serve more business owners than hard-to-reach households. However, some community members feel that the needs are more centrally located for most of them.

“How I wish this facility were closer to the households rather than being constructed in the market area. In the market, the traders can afford to buy water from anyone, but in the rural area, they do not have that option,” community leader, Kabati.

Furthermore, the facilities operate between 8 am and 6 pm from Monday to Saturday, excluding those who work during these hours and do not have anyone to fetch water from the water points. This is especially a potential sticking point for women and youth who engage in small-scale trade and only have free time after 7 pm.

5.5.3 Environmental impacts

SWS has helped to increase part of the communities' resilience to climate impacts by providing sustainable and renewable solutions to water challenges. The company uses solar energy to operate water systems, which helps to reduce greenhouse gas emissions and mitigate the negative impacts of climate change. However, from the community point of view the decrease in plastic waste was the more obvious positive environmental impact as it reduced the need for water transportation and single-use water bottles.

5.6 New Forest Company (NFC)

In Uganda, the NFC tree-planting project was found to face similar challenges as the Komaza project in Kenya. For instance, women felt that while they were involved in the activities, they lacked decision-making power. Positive socioeconomic impacts included improved access to services, higher income, employment opportunities for women and youth. Perceived negative impacts are delayed payments, low prices and the conversion of land previously used for food cultivation. As with Komaza, enhanced tree cover was the main environmental benefit but there are concerns about the use of eucalyptus.

5.6.1 Selection of beneficiaries and community engagement

The New Forest Company was found to use more a top-down rather than a bottom-up approach in terms of community engagement. The community was only invited once the DFCD project's design was completed and was involved in identifying the best-fit individuals to participate in tree growing: people who had an interest in tree planting and had land to plant trees. The community also monitors and protects the forest against fires and illegal harvesting practices.

According to beneficiary community members, landowners and smallholder farmers were considered eligible for the project, but landless people or people with less land were not. The project targeted beneficiaries within a radius of

50 km from the location of the NFC plantations. The field team found that **women and youth were scarcely involved due to a lack of land ownership, as land is customarily inherited and owned by men.** Youth and women are therefore negatively impacted, as family members involved in tree-planting activities but with less decision-making power.

NFC's engagement with the community involved visiting various schools to inform young people about the project and organising meetings and trainings. After following a training, interested individuals signed a Free Prior and Informed Consent Form as part of the project agreement. According to WWF, this form shows the available family land for tree planting and what remains for agriculture to feed the family. It is signed by both husband and wife and/or members of the extended family where the land is clan owned, as well as by the local council.

However, women and youth that were part of the direct beneficiaries and members of the outgrowers association stated that their husbands did not consult them nor seek their consent when deciding to be part of the tree-growing community. This suggests the criteria need to be more strictly adhered to when recruiting outgrowers.

The activities implemented so far by NFC include community mobilisation and facilitating the establishment of tree outgrowers associations and schemes, land suitability assessment for tree growing, the provision of tree seedlings, training in tree growing, and forest products certification. The company also promised beneficiaries improved charcoal kilns, a market for their mature forest products, and better prices for their tree products. The latter is based on the assumption that the timber produced by the outgrowers is of better quality than other sources.

However, the project is still in the feasibility phase looking for investment for implementation. Thus, improved charcoal kilns are yet to be provided, and community members have not yet benefited from carbon finance. Community members also seemed to not yet fully understand how carbon trading works, what it entails and the time requirements. The project is currently undergoing the validation and verification exercise by an external auditor, as noted by WWF.

5.6.2 Socioeconomic impacts

Direct beneficiaries reported that NFC provided various social services, including a community access road, water points, and the construction of a school that performs well in the national examinations and has lower school fees than other community schools. Tree farmers involved in the project were supported, organised and trained in associations. They received income from selling forest products, and youths and men were employed in the plantations and monitoring activities. During the Ebola outbreak, they set up mobile clinics and provided extra support to the communities.

District local governments such as Kassanda also noted **increased income generation, employment opportunities and enhanced tree-growing knowledge and skills among the farmers as the most important benefits.** They further mentioned improved access to support for other livelihood enterprises like beekeeping and livestock farming. However, they noted that the 50-kilometre radius of the project leaves out other interested farmers. In response to this, a DFCD representative indicated that the project might be expanded in the future.

Female participants noted that women, girls and boys could work on the farm, giving them earnings for their livelihoods. Women can access plantations to collect firewood from tree branches and tree-cut waste to meet their energy needs. NFC provides timber for construction, firewood, and charcoal to those that provided transportation to deliver these products, benefiting the community. NFC also connects the tree outgrowers association and other actors (e.g. the Food and Agriculture Organization and European Union through the Sawlog Production Grant Scheme project) for additional support and access to services and inputs.

Negative social impacts mentioned by community members are the difficulty in marketing forest products to the NFC, mainly due to delayed payment and lower prices than promised. As a result, people sell their forest products to buyers or brokers who pay immediately but at a lower price. This causes community members to sometimes feel cheated by the brokers because they don't possess the negotiating power to demand higher prices. Sometimes farmers also sell prematurely to meet basic needs. Moreover, risks are perceived

as being put on the shoulders of the farmer. For example, when the trees are of poor quality, NFC wouldn't buy them.

The young women interviewed highlighted that tree growing has reduced land for food crop production needed to feed their families.

Part of the land previously dedicated to food crops was converted for tree growing based on decisions made by their husbands. This could indicate some laxity in implementing the policy on free prior and informed consent. WWF-UCO require this consent from farmers recruited as outgrowers. The young women said they are not consulted for their consent by their spouses and are required to provide labour for tree growing. While men usually receive the payments and spend it without consulting the female members of the households or providing the basic needs of the household, it is the women who are responsible for running and feeding their households. Women and youths have limited decision-making power over the profit and sale of forest products, yet they are primarily responsible for taking care of these trees.

Although the NFC project has created jobs, young people noted that they don't know how to get hired by the company, and labour is hired from outside their communities who don't speak their local language. According to NFC, this is due to a labour shortage in the plantation. As locals are more involved in heavy-duty work this has also led to changes in gender roles as women get involved in slashing weeds in the plantations, spraying pesticides and other chemicals. This has resulted in a higher workload for women, adding up to their unpaid care burden.

Community members also mentioned that there were unmet promises on provision of livelihood services such as beehives, livestock, charcoal kilns, axes and electricity while waiting for the trees to mature. The young women noted the need for alternative livelihoods because the project trees have reduced the land for farming, especially as the trees take 7–10 years to cut and sell on the market. Although the association members have previously requested training on other income-earning activities, NFC is yet to provide this. Other impacts mentioned were an increase in hooliganism and sex work in Kassanda trading centres. Community members also noted that the company had promised to engage financial institutions to increase access to loans and

other financial services, but that this had not yet happened.

5.6.3 Environmental impacts

Although reforestation was noted as a clear environmental benefit from the NFC project, there are concerns about the negative impacts of the trees. For example, the Kassanda district local governments noted increased tree cover as a benefit, but they also raised concerns about the negative impacts on biodiversity due to monocropping of eucalyptus and pine only. This concern was shared by the communities, too. While men lauded the increased tree and forest cover, **women perceived that eucalyptus trees lead to soil and water exhaustion.** According to some youths, the project contributed to biodiversity loss because indigenous tree species were destroyed where pine and eucalyptus plantations were established.

The WWF-UCO informant responded that the focus on eucalyptus and pine rather than indigenous trees responds to the national demands for timber and wood and the associated generation of incomes for tree growers and the community. He emphasised that eucalyptus was already planted on the broader project landscape. He also stated that the project is going through an audit process to determine impacts on the community. A DFCD representative noted that a riparian study was done to better decide where to plant trees and that NFC has policies in place for spotting and species management.

5.7 Mandulis Energy

The Ugandan field team found that the Mandulis Energy project was still in its inception phase and therefore little information could be gathered. At the time of the field research Mandulis Energy had just started preparatory activities, and only a little was found on the project design process, let alone any impact.

5.7.1 Selection of beneficiaries and community engagement

Mandulis Energy works with community leaders to identify and select individual community members to work on improving the project design. Ten households were selected and provided with free samples of improved cookstoves and energy briquettes for a pilot period to inform the project design. This was aimed at generating a market and building capacity for technology usage.

Because the project was still at its inception phase, the field team could not yet draw conclusions regarding the selection of beneficiaries or engagement of communities.

5.7.2 Community perspectives on potential impacts

While it was too early to register actual impacts of the Mandulis Energy project, communities shared what they perceived would be the impacts. They felt the proposed project would benefit them through increased crop productivity, improved access to electricity for lighting and cooking, and reduced loss of tree cover thanks to reduced use of charcoal and firewood.

On the other hand, the community also expressed some concerns. For example, men worried that the project could cause soil fertility depletion, noting that most crop residues would be converted into energy instead of being ploughed back into their farms for mulch, which is beneficial for soil and water conservation. Degraded soil fertility would eventually result in lower crop productivity and thus food insecurity. Other concerns expressed are the potential exclusion of the most marginalised groups in the community, as they will most likely not be able to afford electricity and fertilisers.

It would be good for Mandulis Energy to engage with the community about these concerns and their views on the project. Overall, the community members think that the company should contribute by:

- Supporting them with climate-smart agriculture.
- Establishing saving and credit schemes.
- Promoting tree growing, clean cooking/energy conservation, conservation farming and environmental management.
- Organising awareness and training for the community members on leadership, entrepreneurship, income-generating activities, environment management and conservation. They also suggested that the project should train community members as community-based trainers/facilitators for the project.

6.0 Conclusions





This chapter provides conclusions from the field studies done in Bangladesh, Kenya and Uganda, connecting them to the conclusions from the desk study.

6.1 Conclusions on project design

This section summarises the conclusions made from the field reports related to project design processes in the countries, particularly regarding the selection of beneficiaries and community engagement. The conclusions clearly reflect observations previously made in the desk research report.

6.1.1 Selection of beneficiaries

- **Lack of gender equality.** Women had a limited role and decision-making power in most of the projects studied. In Bangladesh, very few of the beneficiaries were women, especially in AAL's shrimp farming project even though women usually have a role in shrimp farming. Meanwhile, in the tree-planting projects in Kenya and Uganda (Komaza and NFC), contracts were generally signed with men because they are the formal land title deed holders. This requirement made women and youth feel excluded, who despite their contribution to the tree planting did not receive the payments. Their husbands received the income and did not consult with them, despite consent forms.
- **Exclusion of marginalised groups.** All projects were found to struggle to engage more marginalised community members, such as people without land or with little land, or people in poverty. In Kenya for example high costs excluded people in poverty from benefiting from the clean water sold by SWS, while beneficiaries of the projects in Bangladesh were generally those who were considered more bankable rather than vulnerable. It was not apparent from the field reports which efforts the companies have undertaken to engage communities, and in particular marginalised groups, in the project design and implementation. Representatives of those groups in all three countries felt excluded.
- **Perceived biased selection process.** Building on the previous point, the field team in Bangladesh concluded that the selection process of beneficiaries in both projects was influenced by the relations and networks of the two companies. According to the DFCD representatives, the risk-averse mentality of farmers played a role here.

The above findings correlate with the conclusions from the desk study research. Reaching the intended target groups and in particular marginalised groups including women remains the most significant challenge for the DFCD.

The lack of gender goals in combination with existing gender inequality result in women benefiting less or even being negatively impacted by projects.

The desk study already noted that while DFCD requires a gender analysis, there are no specific gender goals. The field study findings on gender indicate the importance of formalised, time-bound, measurable gender goals or KPIs. The findings also reaffirm the challenges identified in the 2021 IOB evaluation of Dutch climate

finance when it comes to reaching target groups, which include women, youth, poor and vulnerable groups. The assessment of 18 Dutch climate funds finds similar issues as listed in this report, including lack of inclusion in “project design, approval, monitoring and reporting.” The report also states that while gender is often identified as a priority, results in this respect “are rarely confirmed in evaluations, and gender is not consistently mainstreamed.” It further states:

“[T]here was not much evidence showing the actual achievement of the targets, possibly because in some cases, monitoring on gender and gender indicators was not introduced or introduced only recently. Some activities focused on farmers, and the challenge seems to have been to reach smallholder, poor farmers rather than semi-commercial ones.”⁴⁶

Clearly there is a need for better implementation of the ministry’s policies to actually reach and benefit its intended target groups. The DFCD commented that the findings regarding gender are acknowledged learnings and are being taken into account in the next phase of DFCD where gender will be part of their enhanced ambitions.

The difficulty in reaching marginalised groups and particularly people in poverty also relates to the desk study conclusions on the DFCD’s set up. The study found that despite the minimum percentage of 25% required of commitment being invested in LDCs and the DFCD’s explicit focus on reaching vulnerable groups, it is not easy to identify bankable projects in LDCs nor reach the most vulnerable groups. The fact that projects are supposed to be bankable most likely drives the fund away from its intention to reach vulnerable groups. Another cause could be that the two NGOs in the consortium, despite their unique role in the DFCD, still play a relatively limited role in project selection or implementation. According to the DFCD, the fund is increasing efforts to solve these issues. For example, it is developing aggregated investment models and allowing smaller ticket sizes in LDCs to be financed by external investors.

6.1.2 Project approach

- **Lack of community engagement.** In many cases, communities felt they had not been sufficiently engaged, especially if they were not direct beneficiaries. It was unclear to what extent communities were engaged in the design

process of the projects. In the case of SokoFresh this resulted in mistrust, while communities around the SWS project complained that they had not been engaged in price setting, nor enabled to maintain the facilities themselves. Similar complaints were expressed by Komaza farmers, who wanted to be more actively engaged in monitoring trees to learn from it. The perceived lack of engagement resulted in limited trust and understanding.

- **Intermediaries reduce trust.** The use of intermediaries or brokers is common in many countries with extended value chains or producers in remote areas. However, in the case of SokoFresh this resulted in mistrust of farmers towards the company. This is especially the case when brokers are not transparent about prices or are seen to obstruct efforts to organise farmers. These practices reduce confidence in the whole project as well as misunderstandings about the company’s activities and intentions.
- **Exclusive contracting and payment practices.** The contracting practices in several projects were found to not be inclusive. Komaza reportedly provided English contracts which farmers could not fully understand. In other cases, the contracts are signed with title deed holders, thus excluding women and youth. In Kenya and Uganda, these groups complained that payments are made to men and that they depend on men to receive their share although they contribute to the project. These practices reinforce gender inequalities in which women have less decision-making power.

These observations all connect to the conclusions made in the previous paragraph, i.e. the challenge of the DFCD to reach out to marginalised groups and the lack of gender goals.

6.2 Conclusions on socioeconomic impacts

6.2.1 Perceived positive impacts

- **Improved income and employment.** The main positive outcome of most of the projects studied is an increase in income for beneficiaries participating in the project, although often they also complained about high investment costs and/or low prices. Fast payments as provided by SokoFresh were also mentioned as positive elements, as well as provision of alternative livelihoods by NFC.
- **Access to services.** In Kenya and Uganda, participants mentioned improved access to services as important benefits of the DFCD

projects. Solar Water Solutions for example contributes to better access to clean water, while NFC provides social services like a community access road and a school.

- **Enhanced knowledge and capacities.** Many projects involved trainings to build the capacity of beneficiaries. Although participants in the Bangladesh studies did not seem to find these very useful, in other projects like SokoFresh, farmers stated they feel their knowledge and capacities are enhanced. With SWS on the other hand, one of the complaints was lack of capacity building.

6.2.2 Perceived negative impacts

- **High costs and low prices.** In Bangladesh as well as Kenya, farmers complained about the high costs to be borne by them when participating in the project. Investment costs for services and inputs were seen as eating into their profits, with beneficiary farmers in Bangladesh even taking loans, thus putting them into debt and creating dependency relationships. Meanwhile the high costs of water excluded many community members from benefiting from the SWS project. In many projects farmers also complained about low prices they got for their produce.
- **Women affected by cash crops competing with food crops.** Women within the NFC project in Uganda stated that their husbands would sometimes plant trees on land previously used for food crop production. As this is generally women's responsibility, it puts an extra burden on them. According to the women, men benefit more from the trees because payments are made directly to them, while it increases the workload for women. The consortium indicated that this issue should be covered by the environmental and social safeguards included in assessments done by the origination and investment facilities.
- **Social disturbance within communities.** In several projects community members ascribed enhanced social tensions and conflict to the DFCD projects. With AAL this was connected to selection processes seen as biased towards more powerful community members. In the case of SokoFresh, farmers reported an increase in theft, which puts women in particular at a higher security risk. In the tree-planting projects of NFC and Komaza, the influx of imported labour was found to cause social tension, with some reports of increased hooliganism and sex work.

These field-level conclusions reflect some of the desk research conclusions, particularly the need for improved understanding between the profit and nonprofit-oriented actors. It took time to build trust and confidence between the consortium partners on an international level, and as such, it requires time to achieve the same on the project level. The fact that it is a challenge for the DFCD to find small but bankable projects results in the engagement with relatively larger projects, which are more likely to need more experience working with marginalised communities.

6.3 Conclusions on environmental impacts

In all three countries, community members observed both positive and negative environmental impacts. As the points below are based on community perspectives, they do not encompass all environmental and climate impacts, in particular when it comes to mitigation measures (e.g. use of solar energy reducing carbon emissions). While these are highly relevant impacts of the DFCD, it is understandable that community members and particularly marginalised groups notice these less.

6.3.1 Perceived positive impacts

- **Enhanced tree cover.** Reforestation is a clear environmental and climate benefit from the Komaza and NFC projects and was also seen as such by community members.
- **Reduced need for plastic bottles.** For Solar Water Solutions, a reduction in plastic waste was mentioned as a positive environmental impact of the project. This seemed more apparent than the use of solar energy reducing reliance on fossil fuels.

6.3.2 Perceived negative impacts

- **Risk of biodiversity loss.** Komaza and NFC's use of eucalyptus trees is seen as reducing biodiversity because the tree is a competitor for other (native) trees used by the farmers. In Bangladesh, the newly introduced shrimp farming method was also perceived to be a potential risk for biodiversity as farmers are not able to include other fish in the shrimp ponds as they used to do with traditional methods.
- **Use of hazardous chemicals.** In Bangladesh and Kenya, there were concerns about the use of certain chemicals and pesticides and their effects on health and the environment. Investigating these claims further was beyond the scope of the field research.



All selected projects have at least one climate change adaptation or mitigation component in the project design and operations, though the actual impact is not always clear. As the field research is primarily based on interviews and field observations, it cannot be concluded whether environmental impacts beyond climate are not addressed or not known to the respondents. At a minimum, the findings suggest that communication about the climate elements of projects must be improved. Indeed, in many projects participants were not aware of these. Moreover, environmental impacts beyond climate, particularly biodiversity and landscape conservation, must be adequately addressed and communities engaged on these matters.

The lack of gender goals in combination with existing gender inequality result in women benefiting less or even being negatively impacted by projects.

7.0 Recommendations





This chapter presents recommendations to improve the DFCD, drawing from the lessons in this report and conclusions in the previous chapter.

Based on the conclusions of the desk and field studies, the following recommendations can be made to improve the DFCD performance and impacts, in particular when it comes to including, reaching and benefiting women and marginalised groups. As the IOB study points out that DFCD is not the only fund struggling to reach and benefit these target groups, lessons and recommendations could also be applied to other climate finance projects.

1. Embed and implement gender responsive approaches.

Ensure that all projects are at minimum gender responsive, meaning they actively take into account gender relations in the project design and ensure projects do not exacerbate gender inequality. Where possible, projects should aim to be gender transformative by reducing gender inequality and addressing its root causes. Gender responsive approaches include ensuring a gender balance among the target groups within projects as well as active and meaningful engagement of women in decision-making processes, monitoring and evaluations. To that extent, the DFCD should explicitly formulate gender goals and KPIs and ensure these are adequately monitored. Additionally, it is recommended DFCD fully aligns with the MFA Feminist Foreign Policy and learns from existing programmes working on gender and climate.

2. Ensure projects benefit the whole community.

Ensure that projects prioritise benefits for marginalised groups within the communities where it operates. Some of the projects in this study benefit those who are better off in a community, for example, those with title deeds. While this might increase the bankability of a project, the project should ensure that others within the community are included. Efforts should be made to ensure that people who are not direct beneficiaries benefit in another way. To this end it is important to not only focus on companies but also make small grants available which can be used for general livelihood activities. Additionally, projects could provide community services (as some companies in this report do) or alternative livelihoods. Another way to ensure community benefits is more engagement with other (nonprofit) organisations that have connections with the communities, either directly or through their local partners.

3. Increase community engagement.

Ensure local communities and CSOs are engaged in co-design on interventions and are trained in participatory monitoring. This would enable the DFCD to report on concrete results in terms of genuine community participation and benefits. Formulate KPI's to help measure successful outreach to and support for localised, community-driven climate adaptation and mitigation undertakings. Take steps to monitor and prove that communities are indeed engaged in project development and benefit from DFCD investments.

4. Broaden NGO engagement.

Since the DFCD consortium faces difficulties identifying bankable projects in the range of EUR 1–4 million, it is suggested WWF-NL and SNV casts their nets wider and consult with the larger NGO community. This would increase the chances of finding eligible projects, while also facilitating community engagement by working with organisations that work with numerous Southern CSOs, experts, and women-led organisations in the field of climate adaptation and mitigation initiatives. Nonetheless, it should be noted that the DFCD's focus on bankability makes it very hard to reach and benefit the poorest and most marginalised groups.

5. Invest time and effort to build trust.

It takes time to build trust, confidence and a common language between the stakeholders in the project, particularly between the companies, their beneficiaries, local governments and local communities. This process is similar to the process at the international level among DFCD consortium members, where nonprofit organisations and business-oriented stakeholders need time to connect with each other. Efforts should be made to enhance mutual exchange to understand each other's interests and objectives, especially between companies and marginalised groups among the beneficiaries. A gender responsive approach is also important here, ensuring that women are actively involved. This will take time initially but will pay off in the longer term as engaging communities early on in the process is key to increasing trust.

6. Improve communication with all stakeholders.

Improve communication strategies with all stakeholders in order to enhance mutual trust and understanding and manage expectations. Companies should be more transparent about their goals and activities, as well as decision-making processes. They should also address concerns expressed by the people they work with as well as non-beneficiary community members. Women should be actively consulted, especially where men are the direct beneficiaries. Beneficiaries could be supported to better understand that working with companies who are profit oriented entails a different way of working compared to nonprofit organisations.

7. Promote and disclose fair and transparent selection processes.

Ensure selection processes of beneficiary groups are fair, transparent and honest, reducing the risk of nepotism. Efforts should be enhanced to ensure marginalised groups, in particular women and youth, are sufficiently represented among the beneficiaries.

8. Address exclusive payment practices.

If beneficiaries are required to sign contracts, they should be fully enabled to understand what they sign for. Arrangements should be in their local language or explained by a trusted intermediary. Payment practices should also be looked into, ensuring that payments benefit men and women equally. Innovative



approaches could be researched or designed to ensure women are directly paid their share and are not hindered by land title deed requirements.

9. Revise the strategy to work with intermediaries.

Limit the engagement of intermediaries or brokers as much as possible, thus shortening the value chain and increasing direct contact between companies and beneficiaries. If companies insist on working with intermediaries, the project should ensure those persons are not detrimental to the much-needed trust and confidence within the value chain. Improved transparency is key here, as well as ensuring that brokers follow integrity standards. The DFCD could also look into innovative ways to engage intermediaries or brokers actively in their projects.

10. Investigate allegations of environmental harms.

Concerns brought up by community members should be investigated, such as those about biodiversity loss, harmful effects of chemicals and pesticide use, and the planting of trees in protected areas. Important here is also ensuring all projects have a strong gender responsive grievance mechanism where these concerns can be raised by women, men and youth in a safe manner.

Ground-level assessments are rare but essential for understanding how to ensure climate finance benefits for those who need it most.

7.0 Epilogue





This report aimed to investigate to what extent climate finance reaches those who need it most, especially women, marginalised groups and people living in poverty, and how climate finance structures can be improved to ensure it reaches these groups. Our research focused on the community perspective to understand how climate finance affects local communities. Such ground-level assessments are rare but essential for understanding how to ensure climate finance benefits for those who need it most. We hope this research can aid climate finance institutions to reach, engage and benefit marginalised groups, in particular women given existing gender inequality worldwide.

One of the objectives was also to understand what organisations like ActionAid and partners can offer to funds such as the DFCD in order to ensure climate finance benefits marginalised groups, including women. The recommendations give several answers to this, in particular: help identify eligible projects, assist in engaging communities in the whole process and increase community benefits of projects. Additionally, organisations like ActionAid could use their expertise and local networks to provide support in embedding gender transformative policies and practices, as well as implementing some of the other recommendations.

An early version of the report was shared with the DFCD consortium and a representative of the Ministry of Foreign Affairs with the invitation to provide feedback. In December 2023, ActionAid Netherlands hosted a roundtable discussion with representatives from all the consortium members, the Ministry of Foreign Affairs, and the local research teams to discuss the report findings. It was a fruitful discussion where the consortium members provided valuable feedback and additional information which was consequently incorporated into the report where deemed relevant and appropriate by ActionAid. Other comments were not incorporated into the report but are instead included below.

First, the consortium acknowledged difficulties in reaching marginalised groups but noted that private climate investment will not be able to include all segments of vulnerable communities and that the main goal of DFCD is bankable projects. However, it was noted that the DFCD should make explicit efforts to increase relevance for marginalised populations while the business model remains for companies to be commercially viable in the medium and long term. The consortium also noted that some of the issues mentioned such as theft, side-selling, or women's lack of land title deeds are a result of local context realities and not attributable to the companies.

Secondly, an important point for the consortium was that it is too early to assess impacts as origination projects are to

prepare future investments to target and achieve impact results. Impacts of Origination Facility projects should be treated as ex-ante impacts according to the consortium since impact can be measured only after investment, and usually over a timespan of five to seven years. Nonetheless, ActionAid believes it is important to engage with communities early on in the process to understand how they are affected and what their views are, to identify any potential issues in time. Issues found in these early assessments can be seen as symptomatic indicators and should be read as early warnings. It was also suggested during the roundtable that this information could be used as a baseline. The consortium further underlined that impacts from the DFCD projects must be distinguished from impacts of the company's other activities.

Several points were discussed regarding the methodology, for example that various positive environmental and climate impacts had not been captured by the report. This is because the research was focused on community perspectives and not a full assessment of the fund as the DFCD's own evaluation would be. Based on this feedback the focus and approach of the research was further clarified in the report. The consortium also indicated that they would have preferred to be engaged at an earlier point. This was not done so as to ensure community perspectives could be captured from an independent point of view and avoid any potential influencing by the companies.

The consortium indicated they were already working on some of the issues identified. For example, the Solar Water Solutions project was put on hold precisely because of the lack of affordability of water for people living in poverty, as indicated in this report. Similarly, the consortium acknowledged the importance of better communication and indicated that they are making efforts in this respect, by investing in people who understand the local context, but that this remains difficult.

When it comes to gender, the consortium acknowledged the lack of specific gender goals in the first phase of the DFCD. They stated that phase two will have more explicit goals on Gender Equality and Social Inclusion (GESI) based on lessons learnt. Similarly, phase two will have more explicit biodiversity targets. Ideally, an assessment at the end of phase two will then show clear improvements from the findings in this report. The consortium also emphasised that environmental and social safeguards are included in (pre)assessments made by the Origination Facility and Investment Facilities. WWF indicated that the intersection of climate and women's rights is central to WWF's Environment and Social Safeguards Framework (ESSF) process, and that several of the recommendations are already covered by the ESSF. Similarly, SNV stated that for each business case a GESI assessment is undertaken and reviewed mid-way. Moreover, they underlined the difference between projects, with IAL for example doing better on gender equality as it is female-led and has over 30% female smallholder farmers as an international target by the company.



ActionAid appreciates all the feedback from the consortium and hopes the lessons from this report will be used to improve the DFCD going into its second phase. Climate finance is more important than ever to minimise and address the impacts of the climate crisis. In line with the Dutch MFA policies on gender and target groups, special consideration should be given to groups that are disproportionately affected by climate change and already marginalised. It is time to make climate finance work for women and marginalised groups.

Phase two will have more explicit goals on Gender Equality and Social Inclusion (GESI) based on lessons learnt.

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Appendix 1

Field research guidelines





DFCD field research

Guidelines for researchers in Bangladesh, Kenya and Uganda

Manon Stravens and Pavel Boev

23 January 2023

Introduction

ActionAid has commissioned a study of the Dutch Fund for Climate and Development, consisting of two phases. The first phase, desk research and interviews, has been executed by Profundo. The second phase, field research in Bangladesh, Kenya and Uganda, will be completed by three local teams. Profundo will compile and synthesise all the reports. These guidelines should ensure a coordinated and harmonised data gathering and reporting process.

1 Research questions

Project design and development

1. How are the projects designed? (e.g. are they set up in a bottom-up way?)
2. Who are the parties implementing these projects? (name of local company, NGOs, other)
3. Who else has been involved? (e.g. local/national government agencies, Dutch embassies, etc.)
4. What facility or facilities supported the project? Note: Most of the projects in the three countries are still in the Origination Facility, and only two projects in Kenya have been graduated to the other facilities (one to the Land Use Facility, one to the Water Facility).
5. Is the project funded by other funders too? If yes, by whom, how much funding?
6. Who is planned to be the direct and indirect beneficiaries of the project?
7. How do local communities experience the application process? Can they explain how the process was conducted? Who was involved, and who was not? Why not?
8. Are local communities engaged in the development, execution and evaluation of projects. If yes, how?
9. What were their main concerns, and how have these been addressed?
10. Do the communities know about a grievance process that is said to be part of each project? Have they ever used that mechanism, and if yes, in what way?
11. Is it mandatory for implementing parties to consult and engage with local communities?
12. Can local partners (communities and implementing partners) offer the project/donor tools for enhancing inclusion and sustainability?
13. What have been significant changes in the project set-up throughout the implementation?



Impact

1. How do local communities experience the reporting procedure?
2. How does the project positively or negatively impact local communities?
3. Who else, apart from the implementing company, has benefited most from the project?
4. What are the impacts (social, human rights, economic, environmental, climate related) of the selected projects in [country name]?
5. Are the impacts gendered in any way?
6. Can local partners offer the project/donor tools for analysing gender impacts?
7. Is this evaluated by the implementing parties? How often?
8. What are the main climate change effects and issues in the area where the project is operational?
9. To what level does the project address these issues?
10. How does the community see the future? What would they advise the project developers?

About the company

1. Did the communities know about the implementing company? If yes, what do they think of the company? What are the benefits of its activities and what are concerns according to their perspective?
2. How would the community describe their relationship with the company?
3. Do they trust the company? If yes/no, why?
4. To what level does the company live up to its promises?

2 Research methods & modalities

1. Initial briefing and cooperation with international researcher/ coordinator.
2. Web/desk research.
3. Stakeholder interviews national and local level. Note: interviews with (local) DFCD officials and company representatives can be best done after data collection in the communities has finished, based on insights gathered in the communities, and also to have an optimal and open data collection process.
4. Community-based participatory diagnosis, following focus group discussions with CBOs and community groups.
5. Participatory impact assessments.
6. Social and gender audits.
7. Conversations with local communities, deprived community members but local elites as well.
8. Debriefing key local stakeholders.

3 Expected Deliverables

- A detailed research plan for the assignment (based on an agreed broad planning).
- A report (maximum 20 pages per country excluding annexes and references, in 11 Roboto font, and single line spacing) mapping the relevant projects, providing key project statistics, and detailing the effectiveness of the selected projects, as well as the fund supporting the projects, with emphasis on their impact on the lives of the poor, marginalised and excluded communities, and women in particular. The report should have a gender lens and feminist perspective.



- Clear recommendations regarding the administration of the projects as well as the fund supporting the projects.
- Audiovisual materials to support the collected data.
- Two or three case stories per country, provided these are supporting and illustrating the collected data. These stories could give the perspective on or experience with a project of a specific group of community people or an individual from a community.

The report should try to follow as much as possible the next reporting outline to be able for the research coordinators to compile the country reports in an overall harmonised final report.

Report elements

1. Introduction of key climate issues and climate finance in the country.
 2. Description of research methodology, including limitations and selection criteria for projects (for countries with more than two DFCD projects)
 3. Brief but complete overview of DFCD projects in the country (in case there are more than two projects).
 4. Introduction of the two selected projects and how these have been funded.
 5. Project details:
 - a. Implementing company: name, address
 - b. Engaged stakeholders, e.g. local/national government, knowledge institutions, other companies, NGOs, Dutch embassies/consulates, other
 - c. Budget for whole project
 - d. Other funders, if applicable
 - e. Implementing period
 - f. Operational area
 - g. Groups and number of beneficiaries
 - h. Short description of the project
 6. Description of key activities of the project. What are adaptation and mitigation activities?
 7. Description of design process of the project, focusing on the way the local communities and target groups have been involved and consulted in this process. Specify who/which groups have been involved, and how transparent that process was.
 8. Description of impacts of the project, more particularly:
 - a. Socioeconomic impacts on people, vulnerable groups, women, youth, marginalised and/or poor people. Positive and negative effects. Think of impacts on their income, assets such as land, social relations/community structure). Foreseen and unforeseen.
 - b. Impacts on environment, nature, biodiversity. Positive and negative, foreseen and unforeseen.
 9. Future outlook of the project.
- Conclusions.
- Recommendations.
- List of resources used.
- Appendixes, i.e. interview formats, sources.



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