



MAKING THE GREEN CLIMATE FUND WORK FOR THE POOR


The Green Climate Fund will play a key role in channeling climate funds to developing countries. But it should not be assumed that these funds will automatically benefit the world's poor. Three specific areas need more attention in the development of the GCF.

The Green Climate Fund is gaining momentum and getting closer to actual operation: The initial pledging goal of 10 billion USD has been reached, and difficult decisions have been made on a number of overall principles and modalities. Several of these decisions are largely positive: It has been agreed to ensure an overall balance between mitigation and adaptation funding, and decided that at least 50% of adaptation

RECOMMENDATIONS

- The benefits and rights of the poor should be addressed more directly and clearly in the fund's Results Framework.
- Rigorous attention should be paid to how adaptation is funded at the country level and through the private sector facility. The overall principle of a 50/50 balance between mitigation and adaptation funding is not enough.
- Free and fair access to funding for subnational institutions and stakeholders is key for pro-poor adaptation and mitigation.

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funds should go to so-called vulnerable countries, including the Least Developed Countries. A fairly substantial accountability framework has also been developed, and there is an emphasis on ensuring that recipient countries play an active part in the decision-making and implementation process.

These developments raise hope that GCF funding will in fact become available to some of the world's poorest countries, rather than being captured by better-off countries as has occurred in other climate funding facilities. Yet, while actually getting the funds to vulnerable countries is an important first step, it is not a guarantee that GCF financing will benefit the adaptation needs of poor citizens within these countries. In this respect, key issues to address include:

1. The benefits and rights of the poor should be addressed more directly and clearly in the results framework

The Results Management Framework currently being developed for the GCF establishes the key objectives, impacts, results and indicators of the GCF at overall and project/programme level. It is therefore critical in terms of defining who the fund's beneficiaries should be, and how it will be monitored.

As it currently stands, the framework is quite clear and explicit on gender issues – which is positive – but rather unclear on how and to what extent it will address unequal benefit from the funds in broader socioeconomic terms. In other words: Will it benefit the vulnerability and resilience issues of the poor? The framework does address what is loosely termed 'vulnerable groups' and 'co-benefits', but experience shows that such concepts can be interpreted to fit any given purpose. A recent GCF analysis of the fund's potential impacts highlighted the importance of

reaching the poor, and yet there is currently no direct objective or indicator on whether the GCF will actually contribute to an economically fair and equitable adaptation process within countries.

Likewise, there is a need for more attention to rights issues in the GCF framework. Rights to natural resources are a key element in securing long-term adaptation for the poor. Recent versions of the GCF results framework address food and water security, which is a good step in this direction. However for this result to be meaningfully achieved and monitored, it needs to be tied more explicitly to indicators and safeguards on access rights. This will also help ensure that the GCF itself does not reduce poor people's access to natural resources by funding projects that lead to 'green grabbing' or maladaptation.

THE GREEN CLIMATE FUND

The Green Climate Fund is intended to be a key mechanism for channeling climate funds to developing countries. It emerged from the 2009 UN climate summit in Copenhagen, and was officially founded at COP 16 in Cancun the following year.

The fund operates under the United Nations Framework Convention on Climate Change, and has a board with equal representation of developing and developed countries. Recipient countries will submit proposals to the fund through so-called National Designated Authorities.

The main policies and frameworks of the fund are under development, with implementation expected to begin in 2015. Apart from public funding, a Private Sector Facility is being established. Approximately 10 billion USD have so far been pledged to the fund. Denmark has pledged 400 million Danish Kroner. This includes funding via the Danish Climate Envelope's Poverty Frame.

Additional recommended actions include:

- establishing a 'negative list' of activities and project types that cannot be funded by the GCF.
- earmarking specific funding for supporting adaptation of the poorest.
- ensuring that redress mechanisms are accessible from and accountable to subnational levels rather than relying mainly on the reporting of implementing agencies, as currently proposed.

2. Rigorous attention should be paid to how adaptation is funded at the country level and in the private sector facility

The poor are often the most vulnerable to climate change, and adaptation is their prime concern. The GCF principle to allocate adaptation and mitigation funding on a 50/50 split over time is positive, but it is an overall principle: At the individual country level, Nationally Designated Authorities may prioritize differently. For example, finance and energy ministries

are powerful actors in national politics and may push for projects that address large-scale energy needs. This can be essential and good, but does not necessarily address adaptation needs in the economies and production systems of the poor.

By contrast, the citizens who need adaptation the most are usually also the politically weakest. There is a real risk that climate adaptation among the poor will be approached by national decision-makers as 'micro-activities' that can be done on the side, when in fact they require a major concerted effort at all levels. At the same time, it is not yet clear if an equal balance between adaptation and mitigation will also apply to the GCF private sector facility, and to what extent it will be attractive for the private sector to fund adaptation efforts. This is especially the case for pro-poor adaptation measures such as farming and water management initiatives for small-scale farmers.

There is also a risk that funds nominally allocated for adaptation will 'leak' into other uses. Win-win



Delegates of the Green Climate Fund at a meeting in Berlin, November 2014. Photo: Rainer Jensen © AP Photo/dpa

solutions that address both mitigation and adaptation at the same time – such as forest conservation – may be hypothetically sound but are much harder to achieve in reality. For example, adaptation funding may end up supporting projects that are in fact mostly about mitigation, and which may even reduce poor people's adaptation options. Likewise, experience shows that adaptation efforts often become overly focused on short-term disaster responses, because such high profile events are important to politicians and media. The hard and troublesome task of building actual long-term adaptation capacity is often of less political interest.

To address such risks, the principle of an overall fund-level balance between adaptation and mitigation should be complemented by careful attention to the extent and nature of adaptation funding at national level and within the private sector facility. Readiness activities that prepare countries for receiving GCF funds should include work with political elites and decision makers to provide information and incentives that will increase political will to fund adaptation for the poor. Clear-cut guidelines and screening procedures should be developed on what can be classified as a 'mixed project', and on the different requirements for emergency responses and longer term adaptation work.

3. Free and fair access to funding for subnational institutions and stakeholders is key

So far much of the discussion on equity in GCF funding has centered on fair and equitable allocation among countries, and on how national governments can obtain so-called 'enhanced access' to GCF funds, to be administered by Nationally Designated Authorities. But while such country ownership is very important, it does not guarantee that sub-national

entities will be able to access funds freely, or decide how they are used.

As recent research shows, there is currently a major disconnect between national and subnational entities in climate change efforts: Many current adaptation policies and plans (including some funded by other major climate facilities) have been formulated at the central level and are implemented from the center downward. Subnational authorities such as local governments or local technical line agencies therefore usually end up as executing agencies, rather than planners and decision-makers in their own right. Frequently, climate funds never actually reach them, as funds get stuck at higher levels. The result is that climate funds may never reach the poor, and when they do, they fail to build on real needs and knowledge, and fail to foster actual institutional change.

To avoid repeating these mistakes, national GCF mechanisms must provide funding frameworks that allow and actively support easy access for subnational actors, and which provide fair and independent review of the technical and developmental merits of proposals. Such access is key not only for civil society and private sector actors, but also for local governments and even the governments' own technical agencies at subnational levels. Positioned strategically at the meso-level between national and community levels, these institutions are key players in facilitating and supporting the adaptation efforts of communities, the private sector and civil society.

In addressing these issues, the GCF can draw on the experiences and modalities currently being piloted for channeling climate funds to meso-level institutions in countries such as Kenya, Mozambique and Bhutan. Examples include the UNCDF's LoCAL programme and the County Adaptation Fund in Kenya.

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Cover photo: Bangladeshi boy rows a makeshift raft to cross floodwaters at a slum area on the outskirts of Dhaka, Bangladesh.
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