

Local actors are ready to act:

6 views on how the **Green Climate Fund** could reach them

Ken Kinney - Development Institute
"Do it bottom-up!" 6

Yacoubou Bio-Sawe - GCF Benin
"Direct access will not lead to bad governance" 10

Benito Müller - Oxford University **"For years I've been arguing for devolution" 12**

Dima Reda and Mikko Ollikainen - Adaptation Fund **"Use local lessons to shape national policies" 15**

Dipak Dasgupta - GCF India
"The basis has to be trust!" 19

Pratim Roy - Keystone
"Be smart rather than complicated" 22

Colophon

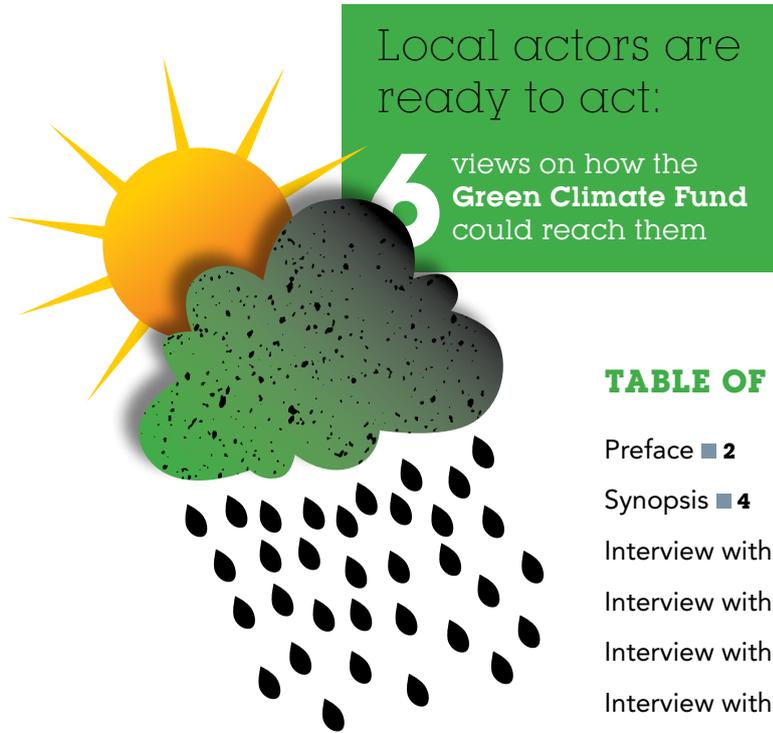
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TABLE OF CONTENTS

Preface ■ 2

Synopsis ■ 4

Interview with Ken Kinney ■ 6

Interview with Yacoubou Bio-Sawe ■ 10

Interview with Benito Müller ■ 12

Interview with Dima Reda and Mikko Ollikainen ■ 15

Interview with Dipak Dasgupta ■ 19

Interview with Pratim Roy ■ 22

Put local climate efforts centre stage

Experiences around the world demonstrate the extent to which climate change impacts are felt at the local level and particularly affect the poor. They live in areas that are prone to flooding, drought and erratic weather conditions. The availability and quality of water determine their potential for food production, their health and the sustainability of their ecosystem.

But local people are not just passive victims of climatic changes. They are active in designing, implementing and managing promising local adaption and mitigation measures. In recent years a vast amount of experience has built up, in locally managed rainwater harvesting structures, irrigation projects, anti-erosion measures, the introduction of drought resistant crops and the protection of native forests to ensure groundwater

storage.¹ The majority of these experiences are the result of local initiatives, often based on existing traditions, fed by state of the art scientific insights. Planning, design, execution and management of these adaptation projects is best done in a multi-stakeholder setting, involving local communities, village leaders, local governments, local and national NGOs, international NGOs, knowledge institutes and the private sector. Such a broad based approach ensures ownership and sustainability and facilitates up-scaling.

Local adaptation efforts and the needs of those most vulnerable must be placed at the centre of the international response to climate change. Especially the Green Climate Fund (GCF) should prioritise access of local (state and non-state) actors to the available

Local people are not just passive victims of climatic changes. They are also active in designing, implementing and managing promising local adaptation and mitigation measures.

funds. Such emphasis on local actors is in line with the GCF's 'Governing Instrument'. Article 31 of the Governing Instrument explicitly states: *The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.*

As the GCF is further developed, clear funding modalities must be put in place to ensure multi-stakeholder decision-making processes, including sub-national and non-state actors, as well as the devolvement of funds to the local level.² Past experiences show that local actors are capable of meeting common fiduciary standards, especially if funding agencies allow for capacity support of receiving organisations to build trust to overcome fiduciary risk.

The upcoming GCF negotiations in the Korean town of Songdo from 26 to 28 June will need to lead to a clear

vision on how the GCF will support sustainable climate change adaptation and mitigation, at the appropriate level.●

Danielle Hirsch, director Both ENDS

NOTES

1 ■ Examples of such initiatives and how they can be up-scaled can be found at <http://www.adapts.nl>

2 ■ Both ENDS policy note, Reaching Local Actors in Climate Finance: Lessons on Direct Access for the Green Climate Fund, February 2013, http://www.bothends.org/uploaded_files/document/130307_Reaching_local_actors_in_climate_finance_Both_ends.pdf

6 views on direct access and fiduciary standards: in short

This publication was developed on the premise that local actors are not only crucial players in tackling climate change and adaptation, but can also comply with fiduciary standards and safeguards, especially when the GCF takes its commitment towards readiness and capacity support seriously. A number of climate finance experts, GCF Board Members and people actively involved in climate change adaptation share their views on how they think the Green Climate Fund should deal with direct access and the devolution of funds to the local level.

■ Ken Kinney, executive director of the Ghanaian Development Institute zooms in on the ADAPTS project in his country, where local groups and communities along the river Dayi are centre stage in designing and executing local adaptation strategies, in close cooperation with local and national government institutes. The Dayi experience has inspired the national

Water Resources Commission to include the ADAPTS approach in the National Integrated Water Resource Action Plan of 2012 to facilitate replication in other river basins in Ghana. **Local initiatives are vital in the design of adaptation strategies**, says Kinney, and by scaling them up they can lay the foundation

for climate proof sectoral plans at the national level. Yacoubou Bio-Sawe, advisor to the West-African GCF board member, agrees that **the proximity to local organisations will contribute to sustainable solutions as they are grounded in local realities**. He therefore also sees a role for regional development banks, which are closer to implementing organisations as compared to the GCF secretariat in Songdo.

■ The Ghanaian practice fits perfectly in the view of Oxford professor Benito Müller. Professor Müller propagates the idea of subsidiarity: decisions about the allocation of climate funds and the funds' management must be located at the lowest possible level. If the private sector is involved, it should be local companies rather than multinational corporations receiving funds. Fiduciary standards are important, but it is more important to find the tools to motivate people to meet the standards. "The only 'mismanagement-proof'

system, is not to spend any money at all”, says Müller. “Keep it simple”, adds economist Dipak Dasgupta, GCF board member for India, **“don’t fall into the trap of a deadly combination of high transaction costs and low available funds”**. The GCF should be a solution to the highly fragmented landscape of climate funding.

■ The GCF would do well to follow the example of the Adaptation Fund, Dima Reda and Mikko Ollikainen working at that Washington-based Fund argue: “One very important advice: **offer flexibility.**” Their experience is that National Implementing Entities do as good a job as multilateral agencies in transparently selecting and implementing adaptation projects. Smaller non-governmental implementing organisations sometimes even have less trouble in meeting standards than big, governmental ones, as they are more flexible in adapting their procedures to meet external standards. That is also the view of Pratim Roy, director of the Southern India based Keystone Foundation. The Keystone Foundation, albeit small and locally based, has no trouble meeting the standards of even the most demanding donors, for example the European Union.

■ Dipak Dasgupta puts emphasis on the need for a **country-driven approach.** “The country level is most appropriate to manage climate funds”, he says. Dasgupta opposes direct funding of grassroots

organisations by the GCF. His argument is mainly that direct contact between the thousands of local organisations and the Korea-based GCF Fund would require a huge bureaucratic organisation that nobody really wants.

■ Pratim Roy warns, however, that **devolution of climate adaptation management should go further than the national level.** The sub-national and local levels need to be involved. Roy says, “India is just too big for one national implementing organisation; climate change adaptation requires local, nimble, grassroots-based, ecosystem-specific, nuanced solutions.” Dasgupta agrees that within-country devolution is essential. “We should move away from the centralised, top-down bureaucratic models of the past.”

■ Professor Müller adds that **national and local leadership in climate funding is needed for the legitimacy of the necessary measures.** “Funding decisions require sufficient democratic legitimacy which are typically only given at the national and local level.” He asserts that in terms of private sector involvement “emphasis should be put on access for local companies. They have local know-how as they know what is needed and they know who to work with at the grassroots level. Ninety percent of investments comes from the local private sector anyway.” ●

Mainstreaming local action in Ghana: "Do it bottom-up!"



Climate adaptation solutions are often found at the local level. Examples include farmers changing their production patterns on the basis of changing availability of water, simple structures being built to contain water during the wet season for use in dry spells and measures taken to protect

communities against floods. These solutions are usually relatively cheap, well adapted to local needs and possibilities and in line with existing social and political realities. Local strategies as highlighted above are often highly effective and sustainable especially when enriched by scientific knowledge

and experiences from other communities.

On a higher level, however, these local solutions and 'good practices' are seldom taken into account when designing regional or national climate policies. The 'ADAPTS approach' in Ghana has succeeded in changing this lack of integration of local knowledge and solutions. Since 2009, local people are assisted in designing and implementing adaptation strategies (including the implementation of buffer zones and shifting from rain-fed agriculture to irrigated agriculture). At the same time, local and national governmental institutions, among which is the national Water Resources Committee (WRC), are involved in scaling up successful strategies into river basin planning (see: <http://www.adapts.nl>).





Large funds, like the Green Climate Fund, tend to focus too much on quick results.

► Ken Kinney is executive director of the Accra-based, non-governmental Development Institute (DI). His institute helps local farmers along the Dayi river to make the transition towards irrigated farming and provides the necessary hardware and software to do so.

In the Dayi Basin a multi-stakeholder advisory board was officially established in 2010. This board brings together seventeen members representing all different stakeholder groups in the Dayi Basin which include not only representatives

from relevant government institutions (Ghana Water, Ministry of

Food and Agriculture, Department of Women, Forestry Commission et cetera) but also traditional leaders, farmer representatives, representatives of local government.

On the basis of climate and development scenarios, a Basin Plan was drafted which incorporates the outcome of local consultations. The Dayi River Plan has become an example for river basin management adopted by the national Water Resources Commission that for the first time includes climate change, local needs and existing adaptation strategies. WRC has taken up this experience to the national level by integrating the ADAPTS approach in the National Integrated Water Resources Action Plan.

Local organisations, both governmental and non-governmental, should be put in the driver's seat when designing and executing climate policies.

For Kinney, it is clear that local organisations, both governmental and non-governmental, should be put in the driver's seat when designing and executing climate

policies. He regrets therefore the fact that it proves very difficult for DI and WRC to find financial resources to further support the process set up in the Dayi Basin and the upscaling of ADAPTS in Ghana. Meanwhile, national research oriented climate programmes are funded without making a clear link to the local level and the integration of climate change in sectoral planning processes.

Of course at the local level things sometimes work out different than expected, making short term revisions of the project plan necessary. For example, in one of the communities where the

ADAPTS project was initiated, the participants could not reach an agreement on the sharing of the proceeds of the irrigated lands. As a result, DI has taken back

parts of the irrigation equipment, to be held in custody until a new group has formed and has fulfilled the necessary requirements to participate in the project. Local, climate proof development is a long-term process that needs careful planning and monitoring and continuous adaptation to changing environmental conditions and social or political contexts. That is why investing in institutions and bottom-up decision-making is so important. It is the only way to do it sustainably.

Kinney has a feeling that large funds, like the Green Climate Fund, tend to focus too much on quick results. "The overriding idea is that investments must result in quick benefits: if results are not swiftly recognisable, than the investment is seen as a failure. The fact that the target groups are vulnerable communities is left out of the picture, while that should be the



starting point of the entire venture. That means you cannot base your investment on the idea of a quick return. You must first expect a long period of capacity building. Things will go wrong in the beginning, in ways that you cannot foresee." Kinney has some clear and simple recommendations for the people setting up the Green Climate Fund in South Korea: "First, forget about quick fixes and planned results. Second, make the ideas and solutions of local communities

the starting point of interventions; give them the lead, for they know what's going on 'on the ground'; local circumstances (including climatic ones) can vary enormously even between places that seem so close. And thirdly: be careful with involving big, external companies. Their success rate in local climate change adaptation is low. One size does not fit all. Do it multi-stakeholder, participative, inclusive and above all bottom-up!" ●

“Direct access will not lead to bad governance”



Yacoubou Bio-Sawé is advisor to the West-African board member of the Green Climate Fund, Christian Adovelande. On the eve of the Board meeting in Songdo, Mr Bio-Sawé provided answers by e-mail to some questions related to the role of local actors and fiduciary standards.

What role do you see for local organisations in tackling climate change?

“The proximity of local organisations to the communities affected by climate change, is a huge bonus towards the solution of adaptation challenges. They have long years of experience in tracing local ecological changes. They know – or can easily identify – local coping techniques, and can adjust, expand or up-scale these in ways that are not in conflict with

cultural realities. Local organisations should be involved in the control and management of resources and the execution of local adaptation projects.”

The Governing Instrument of the Green Climate Fund emphasises the importance of Direct Access. What does that mean? Access for national implementing organisations or also for local organizations?

“In my opinion, financing through national implementing organisations seems the best way to go, for reasons of governance as well as effectiveness. But regional development banks could also be effective agents, as they already have experience in managing resources and complying with fiduciary standards.”

How can direct access for local organisations be arranged?

“I think there must be room for

The proximity of local organisations to the communities affected by climate change, is a huge bonus towards the solution of adaptation challenges.

these regional development banks to be accredited by the Green Climate Fund.”

How does inclusive direct access align with the emphasis on the private sector and the Private Sector Facility?

“Regional development banks already work both with the private sector and governmental initiatives. In this sense it can be considered as direct access. The Green Climate Fund secretariat in South Korea neither has the human resources nor the expertise to realise projects ‘on the ground’. The private sector - dynamic by nature - cannot afford to be subject to long, bureaucratic procedures.”

Do you think that fiduciary standards will be a problem for sub-national and non-state actors? And if so, what can be done to solve these problems?

“Fiduciary standards are mainly about governance, accountability and auditing. They are eminently important. Being able to meet minimum fiduciary standards must, of course, be a vital part of accreditation of national and sub-national implementing organisations.”

What challenges and controversies do you foresee in the next board meeting regarding direct access and fiduciary standards? What is your position in these matters?

“I don’t really foresee major controversies. Decisions will be taken in good harmony. And regarding the fiduciary standards, like I said: they are an intricate part of good governance. Direct access will not lead to bad governance.”●

“For years I’ve been arguing for devolution”



“In the climate finance debate we must leave behind the idea that all decisions are to be made at the international level. Adaptation, for example, is by and large carried out at the local level. For a number of reasons this suggests that adaptation funding decisions should be devolved not only to the national level but as far as possible to the local level.”

These are the words of Benito Müller, Director Energy & Climate Change at the Oxford Institute for Energy Studies, an independent research institute of the University of Oxford. Dr Müller is an expert on international climate change policy, having served among others as advisor to the Chairs of the Least Developed Country group and the African group of climate change negotiators. Müller is closely monitoring the debate - both on

and behind the scene – on the operationalisation of the Green Climate Fund, recently set up in Songdo, Republic of Korea. “The debate is very political. The bottom line is: who takes the decisions on what to fund and what not to fund. It’s about who controls the purse strings. For years I’ve been arguing that operational funding decisions, i.e. approvals of projects and programmes, should be devolved to the lowest possible level, in accordance with the principle of subsidiarity, as applied in the European Union. Decisions on some issues clearly should be made at the international level. But many other issues must be decided upon on at lower levels.”

Operational guidelines and procedures should be established internationally, but operational funding decisions should, if possible, be made at the national

or even the sub-national level. This is important for several reasons. In 2020, the Green Climate Fund is supposed to manage some tens of billion dollars annually.

If all spending decisions are to be taken centrally, you would need an organisation of thousands of people.

Nobody wants that, with the possible exception of the mayor of Songdo, who expects the GCF to bring 8000 new jobs to the city. Another reason is that effective mainstreaming of climate policies is impossible without the authority to decide over the money. If you want effective climate policies at all levels, budgets have to be present at those levels. Moreover, many climate change activities have the nature of civil protection. As there is never enough money to protect everybody from all climate impacts, difficult decisions regarding who

Effective mainstreaming climate policies is impossible without the authority to decide over the money.

not to protect from what will have to be taken. These decisions require sufficient democratic legitimacy which is typically only given at the

national and local level. To date, over 30 developing countries have established national climate trust funds, from the Maldives Climate Change Trust Fund to the Chinese CDM Fund, which are funds that have the power to take operational funding decisions to implement the national climate strategies. It is difficult to imagine that the GCF would be able to refuse access to these national climate finance institutions established by countries as the preferential tool to implement their strategies.

The next meeting of the GCF Board in June will be critical in setting the strategic direction of the operational modalities of the Fund. Unfortunately, behind the scenes there is considerable push back against the option of enhanced direct access through national funding entities. Indeed, the co-chairs' background paper on access modalities clearly favours the traditional model of funding through implementing entities in which operational funding decisions are kept at the central GCF Board level."

Climate funds consist of taxpayer's dollars: people need to be sure that money is spent well. Can local actors comply with the strict fiduciary standards that multilateral donors enforce?

"There is only one 'mismanagement proof' funding system, and that is not to spend any money at all! ▶

- ▶ There are no guarantees. What we need is a balance between the risk we are willing to take and the amount of time and effort we want to put into monitoring where the money goes. The key to minimising risks is the requirement of full transparency at all levels, a functioning complaints procedure which sufficiently protects whistle blowers, and that offers clear sanctions if mismanagement has been proven.

What interests are behind the lack of enthusiasm for direct access?

"It is not easy to say. One possibility might be the misguided fear of existing international institutions that direct access in general, and enhanced direct access through national funding entities, in particular would somehow

marginalise their importance. Given the financial needs for dealing with climate change, I think such fears are completely unwarranted."

Do corporate interests play a role?

"As it happens, I recently attended a presentation by the Indian Federation of Chambers of Commerce and Industry which represents over 250,000 Indian companies. To my surprise these companies stated that they had no intention of getting access to funds internationally. They said, 'We know how the national system works, we don't want to get involved in an unfamiliar multilateral situation.' And they saw National Funding Entities as the only way forward for them to get engaged in climate activities."

In the current situation it is obvious that, for example, the Dutch government will emphasise access for the private sector.

"Well, that is fine, as long as the focus is on the developing countries private sector. What would be problematic – but is unfortunately highly likely – is that the private sector access is implemented centrally through multilateral organisations. That would mean that the local private sector would by default have very little access as big companies will have the advantage. Climate investment will, as a result, take the shape of foreign direct investments. My opinion is that emphasis should be put on access for local companies. They have local know-how as they know what is needed and they know who to work with at the grassroots level. Ninety percent of investments comes from local private sector anyway."●

“Local lessons must be used to shape national policies”

‘Don’t reinvent the wheel’, Dima Reda and Mikko Ollikainen of the Adaptation Fund say. ‘Why not learn from existing experiences in providing direct access to climate funds?’ Dima Reda is in charge of supporting the accreditation process for the Adaptation Fund and Mikko Ollikainen works mostly on reviewing projects proposed and implemented by both multilateral and national agencies. In ten years, the Adaptation Fund has accredited 15 national organisations and is the

only climate fund today disbursing funds directly to accredited National Implementing Entities (NIE). These NIEs bear the full responsibility for the overall management and the financial, monitoring, and reporting responsibilities of the projects and programmes financed by the Adaptation Fund.

How difficult is it for national organisations to meet the minimum fiduciary standards the Adaptation Fund requires?

Dima Reda (DR): “That really depends on the organisation. For small organisations it can be a tall order, because our standards are pretty high. Internal audit function, robust project appraisal processes, anti-fraud measures; these can be difficult for small organisations to have in place.

Some applicant NIEs are really small; sometimes they have a team not bigger than ten people, with experience of dealing with project funds not exceeding \$10k or \$20k. The amounts we are talking about are close to \$10m. That takes a very different organisation. We try to take a flexible approach. Our fiduciary standards were initially designed for multilateral implementing organisations. We wanted to do it right from the start: leave little room for fraud, because the existence of fraud would

► compromise our approach from the start.”

Mikko Ollikainen (MO): “At present we have 15 accredited NIEs, but none from the Pacific region. Why is that? Well we don’t really know. Size without a doubt is a factor. Some countries are just so small that they may not have many organisations sizeable enough to manage the volume of funds that they could be entrusted with as an implementing organisation.”

DR: “Implementing entities are appointed by national governments. Sometimes an accredited NIE is a ministry. However, NGOs are often designated by governments to function as an implementing entity. To be able to function as an implementing entity, having procedures not dependent on other organisations is quite important. In some cases, organisations that are relatively autonomous from the government have an easier time meeting the Fund’s fiduciary

standards, because they have their own policies, procedures and systems that are not tied to the overall government systems.”

Which one of the articles in the fiduciary standard is the most difficult for small organisations to meet?

DR: “This depends on the organisation. What we often see is that audit mechanisms are a stumbling block. External audit are often in order, but internal mechanisms can be tricky. Sometimes organisations don’t fully understand the difference between external and internal audits. Anti-fraud measures and whistle blowers provisions are another problematic area.”

You say that you try to take a flexible approach: in which ways do you give organisations room to move?

DR: “We will not lower the

standards, what we do is give organisations that want to be accredited time to meet the standards.”

Does your system of access through National Implementing Entities (NIE) ensure a bottom up approach? Do local organisations and NGOs get a chance?

DR: “One of our requirements is that implementing entities do an extensive consultation among all stakeholders. Usually that works well, they often do a better job on that than multilateral implementing entities (MIEs).”

MO: “Adaptation, in practice, usually takes place at the local level. What is important is that scaling up takes place. The lessons at the local level must be used to define and shape regional and national policies.”

How does the Adaptation Fund divide its resources among

multilateral implementing organisations and national ones?

MO: "Initially multilateral implementing organisations were accredited at a faster pace, simply because they had less trouble showing that they met our standards. Through their background in implementing projects for other international funds, they also had all the procedures for project proposal development in place, so they were able to more quickly apply for funds on behalf of countries. As the board realised that the funds could be depleted mostly by projects implemented by MIEs, it was decided that they can apply for a maximum of 50% of the Fund's resources: half of \$300m is \$150m. The MIEs have already used their share of our resources, so the Board cannot approve new funding for them until the Fund receives more resources."

We will not lower the standards, what we do is give organisations that want to be accredited time to meet the standards.

And the rest is for NIEs?

MO: "That is correct. So far we have accredited 15 NIEs. Four of them have projects approved for a total of some \$35m. So there is room to expand here."

What advice would you give the GCF in providing direct access?

DR: "Don't try to reinvent the wheel. Build on our experiences. For example, the Fund's fiduciary standards are considered best practice internationally and align with standards of others as well. Therefore, there is no need to add fiduciary capabilities. And very important: offer flexibility. Give the whole operation an entrepreneurial 'feel'."

MO: "An advice is also that countries need self confidence. In the beginning some thought that the weaker developing countries would not be able to set up NIEs. Now, among the 15 NIEs we have five from countries that are either least developed countries (LDCs) or small island developing states (SIDSs). That shows that they are able to meet the standards. The accreditation process alone is already extremely helpful. Usually when an application comes in there is a whole list of items that are not there yet. We help them to review their own system. Often the facilities we want are there, but they are not on paper, or they are not concretised. In such cases, the ►

- ▶ applicants can sometimes meet the standards with small adjustments only.”

That goes for National Implementing Entities, but what if you go further down to the local level? How do you make sure that locally based organisations have their house in order?

DR: “We do get information about, for example, procurement standards, at the local level.”

MO: “And if we find things not to be in order we can simply stop financing. We dispatch our funds on a yearly basis. If something tends to go wrong we can investigate, and if need be, we can stop financing altogether.”

How long does it take for a project to get approval from the Adaptation Fund?

MO: “If everything goes according to plans, we can work quite fast.

One of our requirements is that implementing entities do an extensive consultation among all stakeholders.

Project proposals need to arrive nine weeks before a board meeting. After that, if the decision is positive, we need about four weeks to prepare the project agreement and transfer the first tranche of funding. So it can be done in three months, which is quite quick. If something is wrong, or there are elements lacking, the proposal will have to wait for the next board meeting for a second chance. That is four months later. In two occasions, projects have been submitted to four different board meetings; taking almost 1.5 years to get approval. Those were, by the way, proposals drafted by multilateral implementing organisations.”●

“The basis has to be trust”

What role does Direct Access play in the current Board discussions?

“Probably the most important article of the Governing Instrument of the Green Climate Funds is article 31: ‘Provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders...’. In board meetings of the Green Climate Fund we have extensively talked about this article, and the elements it consists of. Why ‘simplified’? What does that mean, ‘country-driven’? What is ‘direct access’? Who are those stakeholders?”



I think there are some 57 or 58 agencies active in climate change financing, most of them are bilateral funds, from hugely fragmented funds like the Netherlands, Sweden, France, the United States etc: hugely fragmented countries. When I talk to people ‘on the ground’ they invariably complain about the different rule books they are faced with. Every contributor – I don’t like the term ‘donor’ in climate financing – has its own set of complicated rules that

Transferring resources to poor countries at a time of fiscal restraint is difficult

recipients have to follow. They were designed to serve the self-interests of ‘donors’. The transaction costs for implementing organisations are huge. The funds that every contributor makes available are relatively limited. And that is a deadly combination: high transaction costs combined with low available funds. ‘Simplified’ means that we have to get rid of these high transaction costs.

“Country-driven means that the unit we have to think about is the country-level. Don’t go lower than that. In my own country, India, there are literally thousands



► of local actors. The GCF cannot approach them all. What we need is a wholesale approach, not a retail approach. A retail approach is like moving a huge boulder by a group of people all pushing in different directions. That just won't work. Take a nation-wide approach, based on ten or so priorities. The involvement of stakeholders, as mentioned in the Governing Instrument, should materialise when setting up the priorities. Local people know best what should be done, and what should come first."

And what about the need for strict fiduciary standards?

"For contributors the transfer of decision-making power related to prioritisation, management, implementation and monitoring is difficult. They want to keep control over the funds until the last moment possible. They want to preserve organisations that protect their interests. The organisations are

What we should do is talk about a common vision, not about a business model.

bureaucratically self-interested. They fear that their money will be misused and that the spending will not meet environmental or social standards. Based on my 40 years of experience in as many contexts and countries, I know that the solution cannot be found in introducing the strictest possible checks and monitoring systems. The basis has to be trust. That is fundamental. Trust comes and grows with repeated interactions. Giving someone in the street a one off 10 rupees for food brings little guarantee that the money won't be spent on, say, alcohol. But when you start a long-term relationship, you build social capital. And that is the basis of trust. In a long-term relationship you share common goals, and that gives the recipient some degree of freedom to choose

what exactly to spend the money on. There are no more checks needed other than an independent monitoring framework, and based on conversation rather than on policing."

What are your expectations of the discussions in Songdo?

"The GCF board is still divided on these issues. Unfortunately, we can expect that the board discussions will find reasons to complicate the transactions, moving from a country-based approach to a project-based approach, and trying to preserve existing, ineffective and fragmented 'donor' institutions. I'm not optimistic. Especially the board members from the developed countries also have a hidden agenda. Transferring resources to

poor countries at a time of fiscal restraint is difficult. They can't sell that to their constituency. That is understandable. But this is not something they put on the table: we don't talk about it. Instead there is much discussion about fiduciary standards."

"What we should do is talk about a common vision, not about a business model. A common vision would allow us to make real progress on what is truly important that we can all share, especially to our constituencies. A business model, in contrast, limits us to small bureaucratic steps. That comes later, after the vision. Together with board members from Zambia, the Philippines, Egypt, Saudi Arabia and Sweden we have recently drafted the Delhi Vision Statement. In this Statement we argue for more country ownership, global standard setting and within-country devolution. We should decisively move away from the centralised,

top-down bureaucratic models of the past."

"In fact, the differences in the board are not gigantic. We share a common commitment to put a hold to – and adapt to – climate change. We have all agreed that a country-driven strategy is a core principle. We use the same terms, but we have misunderstandings about what they mean exactly. What is a country-driven strategy? How much government does that imply? And what hidden biases do we have regarding governments?"

Trust in governments is low among the board members. There is hugely more trust in the private sector. But at the same time most board members are convinced and know that public goods, such as climate change actions, cannot be left to the private sector. Markets don't deal well with these issues. We need governments. The principle

task of governments is to address inequalities of access to public goods – the global public commons of clean air, fresh water, land, forests, and a sustainable habitat."

"But in all this, our headaches in the board are very small compared to the problems that people actually face daily 'on the ground'. They have to do the real work. They have to find common ground with other stakeholders, local companies and governmental institutions. Bureaucrats won't solve climate change. Scientists will inform us. The people must do that: demand greater action, accountability and co-operation from all of us. What we know from history is that, not all, but many, informed, educated and organised local communities have often proved themselves capable of doing that, protecting themselves from catastrophic and irreversible harm, by simple collective action." ●

“In the end it is better to be smart than complicated”

Keystone is a not for profit foundation, based in the Nilgiris District in Tamil Nadu, in the south eastern part of India. Nilgiris forms the tip of the Western Ghats, a huge mountain range running along the western side of India. It is a UNESCO World heritage site, and also declared one of the world's eight 'hot spots' of biological diversity. The beds of the many rivers that spring in these mountains provide fresh water and a drainage system for almost half of the Indian territory.

Since 1995 the Keystone Foundation has been monitoring and investigating the Coonoor river that runs through the Nilgiris district. This river is vital for the native communities residing in the area, and the people living downstream. “The water problem has to do with quality, availability and access,” says Pratim Roy, executive director of Keystone Foundation. Some riverbeds are owned by the large tea plantation owners and large

areas of forests are in hands of the governments, limiting access to the river for local communities. The livelihoods of indigenous people are under stress because of the diminishing functions of the



Coonoor river. “The river is seen as a public good: it is taken for granted, nobody feels ownership over it”,

says Pratim. “The area has changed dramatically over the last decade: the economic development of the district had made the river into a drain. And to make things worse, the sources of the river are under attack, also due to climatic changes. Rainfall has changed considerably over the last decade. One thing that came out of our multi-stakeholder meeting is that spring networks and local water resources as well

as wetlands which fed the river basin and sub-basins, have snapped due to climate change. The lowest and highest peaks of rainfall have occurred in the past five years.”

Over the last three years Keystone Foundation has made an inventory of all stakeholders in the area: “By interviewing actors involved we took stock of all opinions. What do people want with the river? What do they use it for? In what ways are they affected by recent (climate and other) changes? What do they see as the future of the river and the people that live alongside its borders? We also researched the river itself: what are its sources? What is the water quality? What are the changes in water quantity? How erratic has the river become in recent years? It is clear that, as usual, mainly poor people are affected by the deterioration of

the river. This month June (2013) we will organise a big stakeholder meeting. The purpose is to design an effective climate policy at the district level.”

Pratim Roy thinks that financing the design of a district climate policy and helping local organisations in executing the necessary adaptations, would be a worthwhile effort of the Green Climate Fund: “We have a saying: ‘The health of the hills is the wealth of the plains’. In other words: the rivers that spring in these hills determine the livelihoods of hundreds of millions

The real challenge for the GCF will be to link local implementation with national policies.

of people in the plains. Don’t forget, India is the home country of one sixth of the world population! The Western Ghats is almost two thousand kilometres long, running

through five states. The GCF should recognise the fact that what we are doing is a good pilot project for other districts along the slopes of the Western Ghats. Our project will show that the only way to protect the river is to take the people who live on its borders into account.”

Why is that? Why can’t smart people in Delhi, in Washington or in The Hague come up with good solutions for the challenges the people in Nilgiris district face?

“Because they don’t know what’s going on here. They don’t know how it works ‘on the ground’. In fact, what we need is both bottom-up and top down. There has to be interaction between what happens in the

communities and the policies made in Delhi. Ideally the policies decided upon in the state capital and in Delhi should be based on the expertise, the experiences and

- ▶ the interests of local people.” This strategy should have consequences for the ‘architecture’ of climate adaptation financing, Pratim realises.

“There is no end to the complications one can add to the financial architecture”, Pratim Roy says, “You can make it as intricate as you want, but in the end it is better to be smart than complicated. The GCF should learn, for example, from the way the ‘Critical Ecosystem Partnership Fund’ (CEPF, www.cepf.net) operates. That is a ‘lean and mean’ operation: little overhead, but big impact. They can set up a program in just a couple of years.” That does not mean that the GCF should forget the national level. “Of course the GCF must have an office in Delhi, but that must be small: just a couple of people. The actual implementation should run through existing alliances and regional platform organisations.” The real

Fiduciary standards are, as a whole, not a major stumbling block, Pratim Roy thinks. Organisations like his own have no trouble meeting the standards of most donors.

challenge for the GCF will be to link local implementation with national policies. “The fund must operate at both levels: national and local. Also implementation sometimes takes place at different levels: combining large scale prestige project, with decentralised local adaptation. But always the interests of local people must be on the fore.” The model adopted by the Adaptation Fund with National Implementing Entities will not work in India: “India is just too big for one national implementing organisation, especially in the sectors of Climate Change which requires local, nimble, grassroots-based, ecosystem – specific, nuanced solutions.”

Pratim Roy understands that big donor organisations sometimes shy away from financing local organisations. Multilateral donors often prefer working with national organisations and big companies. Big entities, it is thought, will have similar managerial structures, a professional project management, good infrastructure and a well trained staff. They are supposed to easily meet the (fiduciary) standards that multilateral donors require. Also cultural differences are thought to be less inhibiting between big ‘westernised’ entities and multilateral donors, than between the ‘multi’s’ and grassroots organisations. ●

Fiduciary standards are, as a whole, not a major stumbling block, Pratim Roy thinks. Organisations like his own have no trouble meeting the standards of most donors, he stresses. The locally based Keystone Foundation receives funds from all over the world. "We get money from the CEPF, have won projects from Ford Foundation, Darwin Initiative, and DFID and they enforce strict standards. Or what do you think about the European Union: their standards are notoriously complex, we have been able to deal with those demands too. In fact, we assist the community-based organisations we work with in how to run a project transparently." All non-governmental organisations in India that receive money from abroad need approval from the Indian government. That approval is only provided after a check of the organisation, especially the external and internal audit systems

must meet the standards. If not, the approval will not be given. Furthermore, NGOs in India are also affiliated to the so called Credibility Alliance (<http://www.credibilityalliance.org>), a consortium of non-governmental organisations committed to enhancing accountability and transparency through good governance." ●

The model adopted by the Adaptation Fund with National Implementing Entities will not work in India: India is just too big for one national implementing organisation



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