UNPACKING CLIMATE FINANCE

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Introduction

For many of us, climate change is a condition that we are experiencing through long droughts, heavy rainfalls, more typhoons, heatwaves, floods, wildfires, sea level rise and other drastic weather phenomena. The climate is changing. We are witnessing failures in crop harvesting and food production pushing farmers into devastating situations. Similarly, drastic climate change impacts women who walk longer to fetch water; find food and fuel exposing them to greater health and safety risks. Entire communities are displaced because their livelihoods have been destroyed from loss of farm lands to coastal areas being encroached by the sea. As the global temperature keeps rising we will face a worsening climate crisis threatening our very existence on this planet.

We need to keep the global temperature increase below 1.5 degrees Celsius to have a fighting chance of survival. Higher temperatures would increase prolonged droughts and wipe out crops; increase water scarcity; collapse biodiversity; melting of glaciers such as in the Himalayas glaciers will affect water for 240 million people; rising oceans risk inundating more Pacific islands and cause more intense and frequent hurricanes, floods and wildfires all across the world. The governments meet once a year for a global climate conference, the Conference of Parties (COP) as well as many other national and regional climate meetings to address the impacts of climate change. Every now and then we hear that a lot of money is needed to halt global warming, to move to a low-carbon economy for developing countries, and to increase our resilience against climate change. However, many of us do not precisely know what any of this means.

These briefers are an attempt to unpack 'Climate Finance', one of the most crucial issues of addressing climate change and crisis by supporting measures and initiatives to mitigate and adapt to increase climate resilience. These briefers are composed of the following five parts:

Part I. 'The Need for Climate Finance' describes the reasons climate finance is needed and briefly discusses the global climate finance architecture.

Part II. 'Climate Finance under the UNFCCC Mechanisms' explains how climate finance is managed under the UNFCCC mechanisms such as the Adaptation Fund, Global Environmental Facility and Green Climate Fund.

Part III. 'Climate Finance under Non-UNFCCC Mechanisms' looks into climate finance outside the UNFCCC mechanisms and covers a wide range of actors including development agencies, multilateral development banks, the private sector and international NGOs.

Part IV. 'Climate Actions in Developing Countries' describes the role of CSO observers as a watchdog to monitor projects financed by the Green Climate Fund.

Part V. 'Advocacy on Climate Finance Policy and Projects' provides information on advocacy entry points for CSOs on engaging with climate finance funds, policies and/or projects. A Glossary of Terms is included to help the readers walk through these briefers.

This publication is an introduction and overview of the global climate finance architecture. The objectives are to inform activists on the complexity of climate finance and trigger interest to further engage with climate finance funds. It is critical to mobilise greater CSO participation in the operations of these climate funds because billions of dollars are being channelled to our countries in the name of combating climate change and helping our communities to strengthen their climate resilience. Whether this finance does ensure the protection of the poor, marginalised and vulnerable communities or not, it requires transparent, independent and accountable oversight and monitoring. We need to work together to ensure that the finance is used to support climate affected peoples, protect human rights and the environment. A deepened understanding of climate finance will enhance our climate advocacy skills and strengthen our advocacy on climate and gender justice.

List of Abbreviations

ADB	Asian Development Bank
AE	Accredited Entity
AF	Adaptation Fund
APA	Ad Hoc Working Group on the Paris Agreement
CBD	Convention on Biodiversity
CBDR-RC	Common but Differentiated Responsibilities and Respective Capabilities
CDM	Clean Development Mechanism
CERs	Certified Emission Reductions
CIF	Climate Investment Fund
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
CO2	Carbon Dioxide
COP	Conference of the Parties
CSOs	Civil Society Organisations
FAO	Food and Agriculture Organization
GCF	Green Climate Fund
GEF	Global Environment Facility
GHGs	Greenhouse Gasses
IBRD	International Bank for Reconstruction and Development
ICCTF	Indonesian Climate Change Trust Fund
IMF	International Monetary Fund
IPs	Indigenous Peoples
JI	Joint Implementation
JICA	Japan International Cooperation Agency
KfW	German KfW Bankengruppe
LDC	Least Developed Countries
LDCF	Least Developed Countries Fund
NAPAs	National Adaptation Programmes of Action
NDA	National Designated Authority
NDC	Nationally Determined Contribution
ODA	Official Development Assistance
REDD+	Reduce Emissions from Deforestation and Forest Degradation Plus
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SCCF	Special Climate Change Fund
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WBG	World Bank Group
WWF	World Wide Fund

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Part I.
The Need for Climate Finance

Climate finance as framed by the Standing Committee on Finance of the United Nations Framework Conference on Climate Change[1] (UNFCCC) refers to a *"…finance that aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.*[2]

Climate finance finds its origins in the principle of 'common but differentiated responsibilities and respective capabilities' (CBDR-RC or more commonly known as 'CBDR').[3] As stated on the UNFCCC document agreed during the Earth Summit in 1992 in Rio de Janeiro, Brazil, that precisely states: "*The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof.*" [4]

The principle of CBDR acknowledges that all states have a shared obligation to address environmental destruction but does not take equal responsibility of all states with regard to environmental protection since there are disparities of economic development between developed and developing countries mostly triggered through colonialism and industrialisation. Accumulation of wealth facilitated through colonialism made it possible for developed countries to embark on industrial revolution and industrialisation that contributed to climate change and crisis. CBDR acknowledges the historical responsibilities of developed countries' industrialisation causing environmental degradation and climate change. Therefore, developed countries must shoulder bigger responsibilities to combat climate change and provide for climate finance.

While there is no standard definition of climate finance, the general understanding is finance channelled to reduce greenhouse gas emissions and help build climate resilience in developing countries. The UNFCCC definition of 'Climate Finance' is the basis of negotiations within the UNFCCC for international climate finance flows from developed to developing countries. This negotiated climate finance is '*new and additional*' to the existing OverseaDevelopment Assistance (ODA) commitments according to the UN General Assembly Resolution in 1970. The practice, however, shows a different trend.

The climate finance flows to the developing countries are based on the assumption that developing countries are most vulnerable to climate change but have limited capacity, technology and resources to ensure an effective response. Finance to developing countries will resource and support mitigation, adaptation, technology transfer and capacity building to address climate impacts. This makes climate finance one of the key issues in climate change negotiations.

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1 United Nations Framework Convention on Climate Change (UNFCCC) is an international environmental treaty that seeks to reduce atmospheric concentration of greenhouse gases aiming for preventing dangerous anthropogenic (human induced) interference with the earth's climate sytem. It is a framework which requires individual participating countries to commit to stabilising greenhouse gas emissions. The UNFCCC was adopted during the Earth Summit in Rio de Janeiro in 1992, and now it has 197 parties, who meet annually in Conferences of the Parties (COP) to assess progress in dealing with climate change. Until 2021, COP had met 26 times. The last COP was in Glasgow, United Kingdom.

2 UNFCCC Standing Committee on Finance, 2014. Biennial Assessment and Overview of Climate Finance Flows Report. Retrieved from https://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2014_biennial_assessment_and_overview_of_climate_finance_flows_report_web.pdf

3 Article 3, UNFCCC The principle of CBDR-RC is key to the UN Climate regime. It features in the Kyoto Protocol and in several provisions of the Paris Agreement where it contains a further qualifier 'in light of different national circumstances'.

4 United Nations, United Nations Framework Convention on Climate Change, Article 3. Principles, para 1, p.4. Retrieved from https://unfccc.int/resource/docs/convkp/conveng.pdf

The negotiated climate finance commitments comprise a fraction of the global public and private climate investment. In 2009, the developed countries at the UNFCCC Conference of the Parties (COP) in Copenhagen committed USD 10-20 billion per year for climate finance. This was estimated in 2011[5] as only about four per cent of the global public and private climate investment of USD 360 billion. This huge difference reflects that climate finance is mainly about investment for mitigation that would generate profit rather than strengthen the resilience of communities against climate change.

Rising emissions and global warming

Human activities are causing rising emissions, particularly from burning fossil fuels (the use of coal, oil and gas for energy and transport); clearing rainforests for agribusiness (such as oil palm, maise, soybean plantations, wood plantations for the wood industry and for feeding pulp and paper mills); for expansion of infrastructure (including dams, roads and gas pipe-lines) and for mineral extraction (coal, gold and other minerals). The burning of coal, oil and gas produces carbon dioxide and nitrous oxide while deforestation causes less carbon dioxide to be absorbed and carbon stored in trees is released into the atmosphere multiplying the greenhouse effect. Another human activity that contributes significantly to the rising emissions is livestock farming, such as cows and sheep that produce methane during digesting their food. Nitrous oxide is emitted during agricultural and industrial activities, when burning fossil fuels and solid waste, as well as during the treatment of wastewater. Moreover, fluorinated gases such as chlorofluorocarbons, halons and hydrofluorocarbons, used for refrigeration and air-conditioning also heavily contribute to the rising emissions.

Many gases do occur naturally, but human activities have increased the concentration of these gases (carbon dioxide, methane, nitrous oxide and fluorinated gases) to become harmful. They are trapped in our atmosphere similar to a greenhouse (hence, the term greenhouse gases) that triggers global warming: Carbon dioxide most commonly produced by human activities is responsible for 64 per cent of global warming. Its concentration in the atmosphere is currently 40 per cent higher than it was when industrialisation began last century. Although other greenhouse gases are emitted in smaller quantities, they trap heat far more effectively than carbon dioxide, and in some cases are thousands of times stronger. Methane is responsible for 17 per cent of global warming and nitrous oxide for six per cent[6].

Global warming triggered by these greenhouse gases has increased the world temperature since the middle of 20th century after industrialisation began. The current global average temperature is 0.85 degrees Celsius higher than it was in the late 19th century. An increase of two degrees Celsius compared to the temperature in pre-industrial times, will pose a much higher risk that is dangerous and will lead to catastrophic changes in the global environment. The international community, in recognition of the peril facing Earth, has committed to keeping warming below two degrees Celsius as stated in the UNFCCC Paris Agreement 2015.[7]

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5 World Resource Institute and Climate Policy Initiatives, 2013

6 European Commission, Climate Action, Causes of Climate Change. Retrieved from https://ec.europa.eu/clima/change/causes_en

7 IPCC Report on Global Warming of 1.5. Retrieved from https://www.ipcc.ch/sr15/

Climate change is associated with the rapid onset of extreme climate and weather events[8] such as storm surges, tropical cyclones, droughts, floods, wildfires and heatwaves. Climate change also results in slow onset events[9] that appear in a longer time such as sea level rise, salinisation, acidification, desertification, increasing temperature, land and forest degradation, loss of diversity and glacial retreat. Both changes have devastating impacts on humans and the environment. The most marginalised communities of the Global South are facing the worst impacts of climate change.

Impact of climate change to environment, people and women

A situation where people and the natural environment are unable to cope with the adverse impacts of climate change and unable to prevent, mitigate, prepare or respond to a disaster, is defined as being climate vulnerable. For example, fisherfolk communities living in the coastal areas of the Pacific, South and Southeast Asia or on islets are vulnerable to the sea level rise. There are four types of climate vulnerability, which are physical, social, economic and attitudinal[10]:

a) Physical vulnerability is related to geographical areas such as coastal plains, unstable hills, or difficulties in accessing water and food resources, means of communication, health facilities, roads, etc. that are critical during disasters. Weak infrastructure, residential and commercial construction are also considered vulnerable to earthquakes, floods, landslides and other hazards;
b) Economic vulnerability is related to access and control over people's income, means of production (e.g. capital, irrigation, land) and natural resources;
c) Social vulnerability is related to structure of power in the community and with the state and private sector; discrimination based on gender, ethnicity, religion, local norms and values, economic status, political belonging and/or any other grounds; and
d) Attitudinal vulnerability relates to an attitude towards change and lack of initiative in life that leads to becoming dependent and afflicted by pessimism that reduces one's capacity to cope with disaster.

Asia and the Pacific is the most disaster-prone region in the world.[11] Half of Asia's population, about 2.4 billion people, live in low-lying coastal areas. It is predicted that by 2030, a 65 centimetres sea level rise will cause widespread devastation and displacement in low-lying coastal communities and cities across the region. A worse case scenario of two-meter sea level rise could displace over 180 million people, mostly in Asia. On average, 43,000 people in Asia and the Pacific are killed in storms, floods and landslides each year. Women and children face higher mortality rates. The cost of damage was estimated at around USD 675 billion every year.[12] Higher temperatures also jeopardise human health, increasing heatstroke, heart attacks, strokes and vector-borne diseases such as malaria and dengue fever spread more easily. Heatwaves, unpredictable rainfall and droughts are affecting agricultural productivity and toppling

8 More on rapid onset weather events at https://www.dwf.org/en/content/slow-rapid-onset-disasters

9 More about climate slow onset events at https://unfccc.int/files/adaptation/application/pdf/soe_synopsis.pdf

10 M&E Studies, Types of Vulnerability in Disaster Management. Retrieved on May 22, 2020 from http://www.mnestudies.com/disaster-management/vulnerability-types

11 UNDP Asia and the Pacific, 2019. Climate Change in Asia and the Pacific. What's at stake? Retrieved from https://www.asia-pacific.undp.org/content/rbap/en/home/presscenter/articles/2019/climate-change-in-asia-and-the-pacific.html

12 Ibid.

food security. Low crop yields and high food prices make it harder and harder for people to feed their families. In Asia and the Pacific, more than 60 per cent of people work in informal sectors (with women making up over 70 per cent), such as agriculture and fisheries that are highly susceptible to changing weather patterns.[13] Millions of people who rely on natural resources for food and work bear the brunt of climate change. In Asia and the Pacific, where around 200 million people depend on fisheries, healthy oceans are needed for jobs, food, cultural identity and to counter a changing climate. However, climate change is leading to ocean acidification and coral bleaching that threatens millions of lives across Asia and the Pacific, and directly affects the biodiversity of marine ecosystems. As a result, marine ecosystems are altered, and fish stocks collapse, putting millions of lives and jobs at risk[14].

The United Nations Office of the High Commissioner for Human Rights (OHCHR) in a study shared the impacts of climate change on women and girls. It provides a comprehensive overview of the gendered impacts of climate change on food security, access to land, health, sexual and reproductive health and rights, sexual and gender based violence, discrimination, livelihoods and decent work, cultural identity, human mobility and security threats against women environmental human rights defenders. Some examples shared in the study include:[15]

- Food insecurity, particularly for poor, rural and marginalised women who are smallholder farmers often suffer from poor nutrition as more women skip their meals during food scarcity in order to feed their children first;
- Grassroots and rural women who do not own land experience higher risk of food insecurity, particularly when the food prices increase forces displacement and conflicts over resources;
- During extreme weather events, more women and children die than men; women's life expectancy is decreasing while water scarcity increases women's burden to collect water by traveling greater distances away from their homes potentially exposing women to greater sexual and gender based violence;
- Water scarcity also contributes to various health risks, including affecting hygiene and sanitation with high temperatures causing skin conditions, dehydration and also affecting sexual and reproductive health such as pregnancies in situations with poor access and availability of health services;
- Women have less time to engage in economic activities to improve their livelihoods or access decent work, education as well as face lack of access to information and resources. Due to economic distress, women and girls are forced into early and child marriages, and at increased risk of trafficking.

The global climate finance architecture

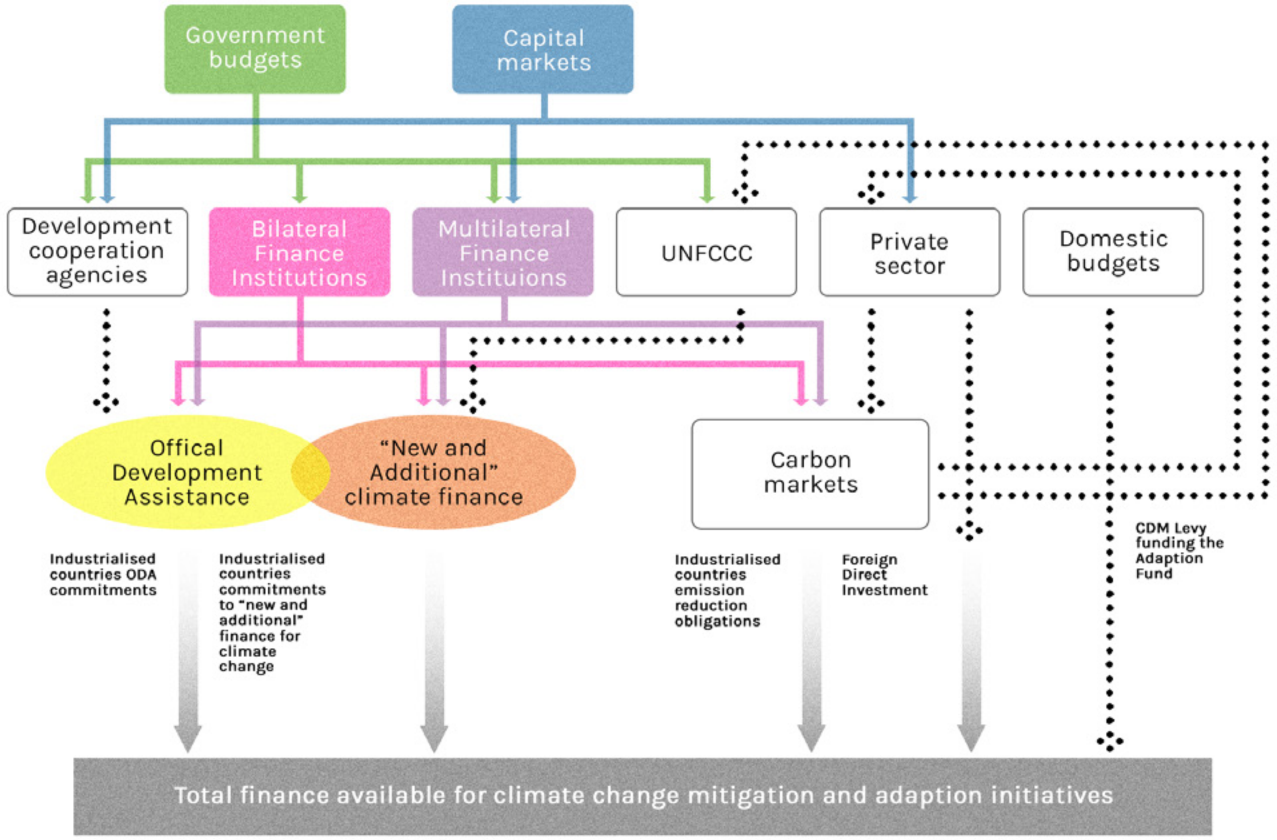
The global climate finance architecture is complex and evolving. The UNFCCC is not the only financial platform for financing efforts to combat climate change. Climate finance flows from public and private sources, channelled through various bilateral and multilateral initiatives, both under as well as outside the UNFCCC financial mechanism. Some countries have also established their own national climate funds.

13 Ibid.

14 Ibid.

15 See OHCHR, Analytical Study on gender responsive climate action, 2019,at https://www.ohchr.org/EN/Issues/HRAndClimateChange/Pages/GenderResponsiveClimateAction.aspx

Stockholm Environment Institute (SEI) provides an anatomy of the financial flows to provide an easy overview of the global finance architecture, as shown on the chart below[16]:



There are two main sources of climate finance, which are government budgets and capital markets. The climate finance from the government budget (public fund) is usually channelled through the development cooperation agencies[17], bilateral financial institutions[18], multilateral financial institutions[19] and also through financial institutions under the UNFCCC, namely, Green Climate Fund (GCF), the Global Environment Facility (GEF) and the Adaptation Fund (AF).

Previously, the mandate of development cooperation agencies was to provide aid and development assistance. This commitment was based on a resolution adopted by the UN General Assembly on October 24, 1970 that the developed countries should provide development assistance to the developing countries at a minimum of 0.7 per cent of their gross national product (GDP)[20]. This aid commitment was pledged to support the development and welfare of the poor and developing countries that suffered slavery, exploitation and oppression under colonialism. The aid is for ensuring developing countries' capability to trade, develop long-term projects and provide humanitarian relief. The aid can focus on small local projects or on very large policies at a national level to advance the right to development. The assistance provided to advance development is in the form of grants and soft loans to improve access to drinking water, health care, electricity, education, decent housing, infrastructure, preservation of the environment and so forth. However, not all developed countries have met this commitment of 0.7 per cent. In 2019, from 30 developed countries, only five countries provided 0.7 per cent ODA and more of its national income, i.e. the United Kingdom, Denmark, Sweden, Norway and Luxembourg[21].

The bilateral and multilateral financial institutions also work in the context of development assistance. These types of financial institutions often put the word 'development' in their names (e.g. Asian Development Bank, International Bank for Reconstruction and Development, Islamic Development Bank) and put 'development' and 'poverty reduction' on their missions or use these terms to justify all of their projects. Besides government funding, bilateral and multilateral financial institutions get their finance from selling bonds, obligations and shares at the capital market.

Article 11 of the UNFCCC stipulates a mechanism to provide financial resources on a grant or loan basis, including technology transfer to the developing countries and entrusts its operation on international entities. This is elaborated further in the Paris Agreement[22] that the developed countries provide financial resources to assist the developing countries for mitigation, adaptation and loss and damage. Operating entities of the UNFCCC are the Global Environment Facility (GEF), Green Climate Fund (GCF) and Adaptation Fund (AF). The source of Adaptation Fund is tax from the proceeds of Clean Development Mechanism (CDM)[23] projects that are traded in the carbon market[24].

The Copenhagen Climate Change Conference in 2009 negotiated climate finance as a *'new and additional'* commitment by the developed countries. This means that climate finance should be separate and in addition to the industrialised countries' ODA 0.7 per cent obligation. Of concern is the common practice of developed countries to merge climate-related finance with ODA budgets, which in effect means that the finances provided are inadequate to tackle climate change, poverty eradication and the right to development in the Global South. The funding raised by many developed countries within 'fast-start finance'[25] estimated at USD 35 billion also comes from ODA budgets.

16 Stockholm Environment Institute, Bilateral Finance Institutions and Climate Change: A Mapping of Climate Portfolios, 2009, Retrieved from https://www.sei.org/mediamanager/documents/Publications/Climate-mitigation-adaptation/bilateral-finance-institutions-climate-change.pdf

17 Development cooperation agency is set up by a government for the purpose of aid and development assistance. A country can set up one or more development agencies. Most developed countries have their own development cooperation agencies, for example the American USAID, Norwegian Aid (NORAD), Swedish SIDA, Japanese JICA and Australian DFAT-Aid.

18 Bilateral financial institution is set up by a country to finance a development project in a developing country and its emerging market. Examples include the Dutch FMO, OPIC of USA, CDC group of the UK, the German KfW/DEG, Canadian FinDev.

19 Multilateral financial institutions are set up by many developed and developing countries through buying shares. This institution finances not only public development projects in developing countries but also private sector projects. Example: IBRD (International Bank for Reconstruction and Development, well known as the World Bank), the Asian Development Bank (ADB), European Investment Bank (EIB), International Finance Corporation (IFC), which is the private sector arm of the World Bank), Islamic Development Bank (ISDB). GCF and GEF are multilateral financial institutions under the UNFCCC mechanism that exclusively finance efforts to combat climate change.

20 See the History of the 0.7 per cent ODA target at https://www.oecd.org/dac/stats/ODA-history-of-the-0-7-target.pdf

21 OECD, Official Development Assistance (ODA), ODA 2019 preliminary figures, 2020. Retrieved from https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm

22 The Paris Agreement is the first-ever binding agreement on climate change adopted at COP21 in Paris, 2015. The Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below two degrees and pursuing efforts to limit it to 1.5 degrees. It also aims to strengthen countries' ability to deal with impacts of climate change and support them in their efforts. The Paris Agreement was signed by 196 countries and ratified by 183 countries plus the European Union (in 2019).

23 The Clean Development Mechanism (CDM) is a voluntary mechanism defined by the Kyoto Protocol to provide Certified Emission Reduction Units (CERs) for emissions reduction projects and may be traded in emissions trading schemes. This mechanism allows industrialised countries with a greenhouse gas reduction commitment to invest in emission reducing projects in developing countries as an alternative to what is generally considered more costly emission reductions in their own countries. Kyoto Protocol is an international legally binding agreement signed in Kyoto in 1997 that mandated countries to reduce their greenhouse gas emissions and to achieve that purpose create three market financial mechanisms: carbon trading, Joint Implementation and CDM.

24 Carbon market is a platform to trade (selling and buying) Certified Emission Reduction Units (CERs) derived from CDM projects in developing countries. Hence, the carbon market was set up to facilitate developed countries emission target reductions.

25 Fast start finance was a pledge by developed countries at the COP 15 in Copenhagen in 2009 to provide new and additional funds for mitigation and adaptation, including for forestry and investments in an amount of USD 30 billion for the period of 2010-2012.

It is reasonable to be worried about this trend. The ODA commitment was built on a foundation of *'historical responsibilities of colonialism'* and aims to reduce poverty and achieve welfare. Similarly, climate finance is also founded on *'historical responsibilities of emissions'* by developed countries that have built and enriched their economies at the expense of extracting natural resources and exploiting labour from the Global South. If the ODA portion is reduced for climate finance, essential public services such as health, social security, education and energy will be negatively affected. Importantly, it disregards developed countries' 'historical responsibility' for colonial exploitation and for fueling the climate crisis.

The capital market is another source for climate finance channelled through the private sector investing in climate projects in developing countries and trading in the carbon markets. In addition, Foreign Direct Investment (FDI) of the private sector is considered as a source of climate finance.

Governments in developing countries also mobilise sources for climate finance from their own resources through taxes, levies and others. This domestic climate budget is particularly to finance adaptation projects.

Two main strategies were agreed globally regarding the international flow of finances from the developed to the developing countries to deal with climate change and keep the temperature below 1.5 degree Celsius. The first is mitigation[26] to reduce greenhouse gases (GHGs) and the second, adaptation[27] to strengthen resilience against impacts of climate change and to follow the path to a low carbon economy.

Where does the money go?

Climate Policy Initiatives in its report on 'Global Landscape of Climate Finance 2019' shows the total global climate finance flows (public and private, within the UNFCCC mechanisms and non UNFCCC mechanisms) was on average USD 546 billion during 2013-2018. The peak in 2017 amounted to USD 612 billion. Around 47 per cent of climate finance on average for those years came from the private sector.

The average highest annual public mitigation finance in 2017/2018 was USD 94 billion for low carbon transport, followed by USD 58 billion for renewable energy generation, USD 33 billion for energy efficiency, USD 33 billion for agriculture, forestry, land-use and natural resources management, USD nine billion for cross-sectoral, and others that ranged between USD three billion to less than USD one billion (transmission and distribution system for power, waste and water, non-energy GHGs reduction, policy and national budget support and capacity building, and low carbon technologies). Meanwhile, the average highest public adaptation finance in 2017/2018 was USD nine billion for water and wastewater management, followed by agriculture, forestry, land-use and natural resources management of USD seven billion, disaster risk management of USD seven billion, cross-sectoral USD four billion and others that ranged between USD two billion to less than USD one billion for infrastructure, energy

26 Mitigation is the reduction of the release of GHG emissions that cause global warming by either reducing sources of the gases (e.g. burning of fossil fuel for electricity, heat or transport) or enhancing the ' carbon sinks' that accumulate and store those gases. 'Carbon sinks' are natural (oceans and forests) and artificial deposits (certain technologies and techniques) that absorb and capture carbon dioxide (CO2) from the atmosphere and reduce its concentration in the air.

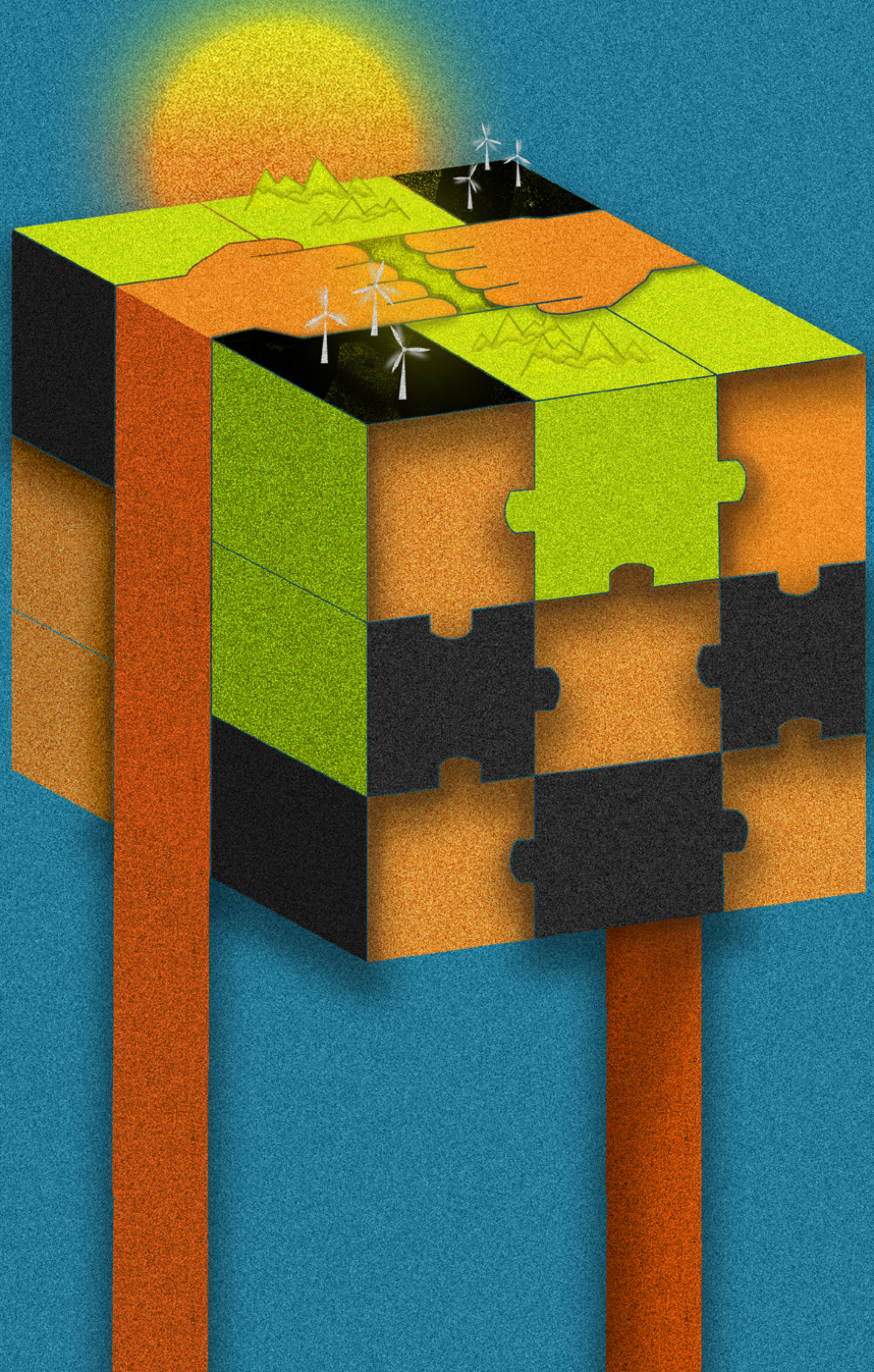
27 Adaptation is a response by adjusting to actual or expected impacts of global warming and aims to help communities and ecosystems to cope with the changing climate. Adaptation actions depend on the unique context of a community, business, organisation, country or region. It can be from building flood defense, setting up early warning systems for cyclones and switching to drought-resistant crops, to redesigning communication systems, business operations and government policies.

and other environment, policy and national budget support and capacity building, coastal protection, industry, extractive industry, manufacturing and trade.

Furthermore, the CPI report shows that the climate finance in 2017/2018 was mainly (approximately 66 per cent) in the form of loans of USD 316 billion based on market-rate debt and USD 64 billion low-cost project debt provided by development finance institutions. Equity was the second largest form of climate finance, at 29 per cent, averaging USD 169 million annually. Grants were only five per cent of the total climate finance, at USD 29 billion that was mostly provided by the public sector.

If we look at global climate finance (both public and private), the trend is to finance mitigation activities rather than adaptation activities. Mitigation is more lucrative for financing since it is about market-based mechanisms that attract investments particularly in the big scale transport and energy generation sector.

Part II.
Climate Finance under the UNFCCC Mechanisms



Article 11 of UNFCCC on financial mechanism is to facilitate funds to developing countries channelled through its operating entities[28]. Parties of the UNFCCC in its Conference of the Parties (COP) decide on aspects of the mechanism such as climate change policies, programme priorities and criteria for eligibility of funding. The operation entities report to and seek guidance from COPs on their operations. At COP 16 in Cancun in 2010, Parties decided to establish a Standing Committee on Finance to assist COPs in exercising their functions[29].

Years of negotiation in regard to financing climate actions reached an agreement during UNFCCC COP 15 in 2009 in Copenhagen, known as the Copenhagen Accord. The Accord was a promise made by 25 countries to pledge USD 30 billion a year from 2010-2012 for new and additional resources, including for forestry and investments, and in the long term to USD 100 billion a year starting in 2020[30]. COP 15[31] also agreed to establish a Green Climate Fund (GCF) as the operating entity under the UNFCCC to support policies, programmes, projects and other activities in the developing countries related to mitigation efforts, including Reducing Emissions from Deforestation and Forest Degradation (REDD)-plus[32], adaptation, capacity building, technology development and transfer.

The source of funding is expected from public and private sectors, including carbon trading, Clean Development Mechanism (CDM)[33] and Joint Implementation (JI)[34] under the Kyoto Protocol.

Paris Agreement declared Global Environment Facility (GEF) and Green Climate Fund (GCF)[35] as serving the Paris Agreement, and Adaptation Fund (AF) as for the Kyoto Protocol[36]. Hence, all those three funds are considered the UNFCCC financial entities. Those financial institutions provided funds for mitigation and adaptation programmes and projects according to the guidance of COPs and channel to the developing countries

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28 United Nations, 1992, United Nations Framework on Climate Change, para 11, p. 14-15. Retrieved from https://unfccc.int/resource/docs/convkp/conveng.pdf

29 United Nations, 2019 .Background and chronology of the Standing Committee on Finance, including updates from each annual Conference of the Parties. Retrieved from https://unfccc.int/process-and-meetings/bodies/constituted-bodies/standing-committee-on-finance-scf/back ground

30 United Nations, UNFCCC, Report of the Conference of the Parties on its fifteenth session, held in Copenhagen from 7 to 19 December 2009 , Ad dendum, Part Two: Action taken by the Conference of the Parties at its fifteenth session, Decision 2/CP.15 Copenhagen Accord, para 8, p.6-7. Retrieved from https://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf

31 United Nations, 2015. Report of the Conference of the Parties on its twenty-first session, held in Paris from 30 November to 13 December 2015. Retrieved from https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf

32 Reducing Emissions from Deforestation and Forest Degradation (REDD) was requested for the first time at COP 11 in Costa Rica in 2005 by Costa Rica and Papua New Guinea to consider reducing emissions from deforestation and forest degradation in natural forest as mitigation measures. At COP 13 in Bali in 2007, the REDD was expanded to include sustainable management of forests, conservation of forest carbon stock and enhancement of forest carbon stock). The Warsaw Framework on REDD+ adopted at COP 17 in Warsaw 2013 replaced the term of REDD to 'REDD-Plus' (REDD +). Many concerns are raised to REDD+ particularly on monitoring reduced emissions and the removal of greenhouse gases on a large scale, across a number of countries, each with separate environmental agencies and laws; the conflict between the REDD+ approach and existing national development strategies, the participation of forest communities and indigenous peoples in the design and maintenance of REDD+, the program's funding, and the consistent monitoring of said funding to ensure equitable distribution across program members. Another crucial issue is related to the definition of forest. The UNFCCC does not define what constitutes a forest; it only requires that Parties communicate to the UNFCCC on how they define a forest. Hence, REDD+ could trigger logging operations in primary forests, displacement of local populations for 'conservation', and increase of tree plantations.

33 The Clean Development Mechanism (CDM) is defined in Article 12 of the Kyoto Protocol. Retrieved from https://unfccc.int/process-and-meetings/the-kyoto-protocol/mechanisms-under-the-kyoto-protocol/the-clean-development-mechanism

34 Joint Implementation (JI) is one of three mechanisms under the Kyoto Protocol beside emission trading and CDM. JI is cooperation of two devel oped countries that have both committed to an emission reduction target under the Kyoto Protocol, as defined by Article 6 of the Kyoto Protocol. Retrieved from https://unfccc.int/process/the-kyoto-protocol/mechanisms/joint-implementation

35 See 1/CP.21 Adoption of the Paris Agreement, para 58 at https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf. This would include the Least Developed Countries Fund and the Special Climate Change Fund, administered by the Global Environment Facility.

36 Ibid, para 59.

through multilateral implementing entities like the World Bank, Asia Development Bank (ADB) and National Implementing Entities like the Indonesian Climate Change Trust Fund (ICCTF) established by the Indonesian government. GEF has its own GEF agencies that implement the projects.

Adaptation Fund

Adaptation Fund[37] (AF) was established under the Kyoto Protocol of the UNFCCC, proposed in 2001 and started to operate in 2009. The aim of AF is to support adaptation activities that reduce the adverse impacts of climate change faced by communities, countries and sectors. AF is financed in part by the government and private sector, and also from a two per cent share of proceeds from Certified Emission Reductions (CERs) issued under the Protocol's Clean Development Mechanism project. The World Bank is the temporary trustee of AF.

AF provided grants and only its accredited entities can access the fund. AF received USD 939.35 million from countries and USD 204.10 million from CER sales proceeds. Cumulative net funding as of March 31, 2020 totaled USD 775.48 million, among other USD 720.59 million was for projects and programmes[38].

Adaptation Fund supported activities include[39]:

- Management of water resources, land, agriculture, health, fragile ecosystems and infrastructure development;
- Improving the monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems, and in this context improving disease control and prevention;
- Supporting capacity building, including institutional capacity for prevention, planning, preparedness and management of disasters related to climate change;
- Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilising information technology as much as possible.

Global Environment Facility (GEF)

The Global Environment Facility (GEF)[40] was established on the eve of the 1992 Rio Earth Summit to tackle the planet's most pressing environmental problems. The GEF provides funding to assist developing countries in meeting the objectives of international environmental conventions. The GEF serves as a "financial mechanism" for five conventions: Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change (UNFCCC), Stockholm Convention on Persistent Organic Pollutants (POPs), UN Convention to Combat Desertification (UNCCD) and Minamata Convention on Mercury.

37 See Adaptation Fund at https://unfccc.int/Adaptation-Fund

38 See World Bank, Financial Intermediary Funds (FIFs), Adaptation Fund at https://fiftrustee.worldbank.org/en/about/unit/dfi/fiftrustee/fund-detail/adapt on June 28, 2020

39 Heinrich Boell Stiftung - North America, Climate Funds Update, Adaptation Fund. Retrieved from https://climatefundsupdate.org/the-funds/adaptation-fund/

40 See Global Environment Facility (GEF) at https://www.thegef.org

Since then, the GEF has provided close to USD 20.5 billion in grants and mobilised an additional USD 112 billion in co-financing more than 4,800 projects in 170 countries. Through its Small Grants Programme (SGP) launched in 1992, the GEF has provided support to nearly 24,000 civil society and community initiatives in 125 countries[41]. SGP provides grants to a maximum of USD 50,000, and for strategic projects up to USD 150,000 for empowering local civil society organisations, and poor and vulnerable communities, including women and Indigenous Peoples[42].

Under the UNFCCC, the GEF serves as part of the financial mechanism of the Agreement. Its climate change mitigation strategy, which is financed through the GEF Trust Fund, supports developing countries as they make transformational shifts towards low emission development pathways with three fundamental objectives:

(1) Promoting innovation and technology transfer for sustainable energy breakthroughs;
(2) Demonstrating mitigation options with systemic impacts, by strengthening interaction and integration between climate change mitigation and the other GEF focal areas;
(3) Mainstreaming mitigation concerns into sustainable development strategies through the continuous support of enabling conditions in developing countries.[43]

The GEF's climate change adaptation strategy, which is financed through the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), aims at supporting developing countries to move to a climate resilient development pathway while reducing exposure to the immediate risks posed by climate change. The GEF adaptation strategy hinges upon three main pillars:

(1) Reduce vulnerability and increase resilience through innovation and technology transfer for adaptation;
(2) Mainstream adaptation and resilience for systemic impact;
(3) Foster enabling conditions for effective and integrated adaptation.[44]

The LDCF was established in 2001 to particularly support the Least Developed Countries (LDCs) to prepare and implement National Adaptation Programmes of Action (NAPAs) with targeted sectors including water, agriculture and food security, health, disaster risk management and prevention, infrastructure and fragile ecosystems.[45] By 2020, the LDCF financed the formulation of NAPAs in 51 LDCs. Moreover, a grant of USD 1.5 billion approved more than 290 projects in LDCs to implement NAPAs and formulate medium and long-term adaptation needs.

Established in 2001, SCCF complements LDCF as it is open to all climate vulnerable developing countries. It is also not specifically dedicated to adaptation financing, but also to mitigation in selected sectors including energy, transport, industry, agriculture, forestry and waste management and economic diversification. SCCF portfolio to date is more than USD 350 million to support 85 projects globally[46].

41 See GEF Small Grants Programme at https://www.thegef.org/topics/gefsgp

42 Ibid.

43 More about GEF Climate Change Program is at: GEF, Climate Change at https://www.thegef.org/topics/climate-change

44 Ibid.

45 See LDCF at https://www.thegef.org/topics/least-developed-countries-fund-ldcf

46 See SCCF at https://www.thegef.org/topics/special-climate-change-fund-sccf

The Green Climate Fund (GCF)

The Green Climate Fund (GCF) was established by the UNFCCC COP 16 in 2010 in Cancun, aiming to promote a paradigm shift to low-emission and climate-resilient development, taking into account the needs of nations that are particularly vulnerable to climate change impacts. GCF creates new models for climate finance, channelling investment from both the public and private sectors with aims to deliver equal amounts of funding to mitigation and adaptation.

GCF, similar to other climate funds (e.g. GEF, AF), sets up its own priorities in financing climate actions. GCF prioritises projects that ensure a paradigm shift towards low emissions and climate resilience, clustered in eight themes of areas of work[46]:

Mitigation:

1. Agriculture, forestry and other land use: sustainable land use and forest management for protection and to rejuvenate forests.
2. Buildings, cities, industries and appliances: reduce emissions from buildings, cities, industries and appliances by supporting policies, standards and technologies that reduce the need for energy.
3. Energy: reduce emissions through increased low-emission energy access and power generation by helping speed up investments in modern renewable technologies to reduce reliance on fossil fuels.
4. Transport: reduce emissions through increased access to low-emission transport through supporting low- and zero-emission public and private transport systems.

Adaptation:

1. Ecosystems and ecosystem services: improve resilience of ecosystem services by addressing risks brought about by degrading ecosystems affected by climate change.
2. Health, food and water security: increase the resilience of health and well-being of communities, as well as improve food and water security through integrated strategic interventions.
3. Infrastructure: increase the resilience of infrastructure and the built environment to climate change threats by building climate-strengthened cities.
4. Livelihoods of vulnerable communities: increase the resilience of livelihoods of people, communities and regions at the risk of being ravaged by climate change.

GCF's initial resource mobilisation in 2014 rapidly gathered pledges worth USD 10.3 billion, mainly from developed countries, but also from some developing countries, regions and one city. By December 2019, GCF received pledges from 29 countries in the amount of USD 9.8 billion for its first replenishment[47].

As of June 2020[48] GCF approved 128 projects in an amount of USD 5.3 billion that is composed of 28 per cent for adaptation projects, 36 per cent for mitigation projects and 36 per cent for cross-cutting mitigation/adaptation projects. A further 64 per cent of the approved projects were public sector projects in the amount of USD 3.4 billion, and 36 per cent by private sector projects in the amount of USD 1.9 billion. The funding structure is based on grants (50 per cent of total approved), loans (40 per cent), equity (four per cent), results-based payment (four per cent) and guarantees (25 per cent). Also, 79 per cent of GCF funding was accessed by 101 international Accredited Entities, 13 per cent by 17 Direct (national) Accredited Entities and eight per cent by ten Direct (regional) Accredited Entities[49].

46 More about GCF areas of work is at: https://www.greenclimate.fund/results

47 See Climate Funds Update at https://climatefundsupdate.org/wp-content/uploads/2020/03/CFF2-2019-ENG-DIGITAL.pdf

48 See the Green Climate Fund at https://www.greenclimate.fund

49 Only Accredited Entities (AE) can propose projects to be financed by GCF. AEs can be private or public, non-governmental, sub-national, national, regional or international, as long as they meet the standards of GCF to be accredited. International organisations apply for accreditation directly to the GCF Secretariat but national entities have to be nominated by their National Designated Authority (NDA).

Part III.
Climate Finance under Non UNFCCC Mechanisms

Climate finance outside the UNFCCC mechanisms comes from public and private funds. Public funds are channelled through development cooperation agencies, bilateral and multilateral development institutions, while the private funds are channelled through carbon trading, foreign direct investment and CDM. Below are some examples of climate financing outside the UNFCCC mechanisms.

1. Development Cooperation Agency

Development Cooperation Agency is a bilateral institution that channels the ODA commitment of its country. More and more nowadays it also channels climate finance. Almost every developed country has one or more development cooperation agencies. These agencies channel funds directly for climate policy, programmes and actions in developing countries. These agencies also serve as an implementing entity of climate funds set up under the UNFCCC mechanism to channel funds to developing countries. In order to enable itself as an implementing entity, the agency has to apply for an accreditation under the climate finance institution (e.g. the GCF).

Norwegian Agency for Development Cooperation (NORAD) channels climate finance from its government

NORAD, the Norwegian Agency for Development Cooperation, is a directorate under the Norwegian Ministry of Foreign Affairs. However, in regard to Norway's International Climate and Forest Initiative (NICFI), Norad reports to the Norwegian Ministry of Climate and Environment[50]. Climate Change and Environment is the main focus areas of Norwegian development policy with a premise that global climate change and loss of biodiversity are among the most serious environmental threats to the world[51].

The thematic areas of Norad's Climate Change and Environment Programme are among others[52] the Norway International Climate and Forest Initiative (NICFI). Norway has pledged up to NOK 3 billion (or around USD 1.1 billion) to help save the world's tropical forest while improving the livelihoods of those who live off, in and near the forest. NICFI supported the Forest Carbon Partnership Facility (FCPF), the Forest Investment Programme (FIP) and the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD). NICFI was highly instrumental in pushing the REDD+ agenda, played a role as the main donor to REDD+, successfully engaged the CSOs, Indigenous Peoples and other forest dependent community organisations in the REDD+ process.[53]

Japan International Cooperation Agency (JICA) channels climate finance with a status as an Accredited Entity to GCF

Japan International Cooperation Agency (JICA) is in charge of administering Japan's ODA, is one of the world's largest bilateral aid agencies and works in over 150 countries. It provides finance technical cooperation, financial and investment cooperation, grants, emergency disaster reliefs, public-private partnership and citizen participation[54].

50 About Norad at https://norad.no/en/front/about-norad/

51 More about Norad's Climate Change and Environment focus is at https://norad.no/en/front/thematic-areas/climate-change-and-environment/

52 See https://norad.no/en/front/thematic-areas/

53 More about Norway's International Climate and Forest Initiative (NICFI) at https://www.nicfi.no/how-do-we-work/

54 JICA Profile at https://www.jica.go.jp/english/publications/brochures/c8h0vm0000avs7w2-att/jicaprofile_en.pdf

JICA developed initiatives to reduce GHGs like developing policies to build low-carbon societies in developing countries, infrastructure development related to energy conservation, renewable energy and public transportation system and conservation and management of forests. In 2017 JICA[55] provided about USD 7.1 million for climate actions in the developing countries: 52.3 per cent for mitigation, 46.3 per cent for adaptation and 1.4 per cent for cross-cutting; mostly in Asian countries for 53 projects and followed by Africa for 12 projects. The highest number of projects was for energy (28 projects), followed by water and sanitation (22 projects) and infrastructure (21 projects).

JICA received the accreditation to GCF in July 2017 for large scale project with Category A for doing blending[56]. To date, JICA is still processing three concept notes for project proposals to GCF.

2. Multilateral institutions under the UN conventions

A multilateral development institution can be established within the UN conventions under UNDP, FAO, UNEP, which are funded by contributions from the UN member states, and also development banks, namely the World Bank Group, the Asian Development Bank and the African Development Bank. The source of funds of those banks are shares from the developed and developing countries and selling bonds from the capital market. They channel climate funds to their developing country members in forms of grants, loans, equity, guarantee and technical assistance.

Some of those banks are established jointly on climate initiatives. The World Bank, ADB and other financial institutions jointly established the Climate Investment Funds (CIF), Forest Investment Program (FIP), SREP and PPCR. On the other hand, those multilateral development banks are also accredited to the GCF to channel funds to developing countries.

United Nations Development Programme (UNDP)

UNDP is the United Nations' global development network, operates in about 170 countries and territories and works from its headquarters in New York City, USA on eradication of poverty and the reduction of inequalities and exclusion. It offers policies on development, leadership skills, partnering abilities, institutional capabilities and building resilience in order to sustain development results. In its efforts to support countries to achieve the Sustainable Development Goals (SDGs), UNDP publishes an annual Human Development Report (since 1990) to measure and analyse developmental progress. In addition to a global Report, UNDP publishes regional, national, and local Human Development Reports. UNDP is funded mainly by voluntary contributions from UN member states.

In 2018-2019, UNDP[57] received USD 676 million in grants and loan implementation support from the development banks, including the World Bank, ADB, KfW, IDB. There were 15 top contributors to UNDP by 2019 with around USD 3 billion from mostly developed countries, GEF and the World Bank. Besides that, UNDP also received from UN pooled funds and other UN agencies an amount of USD 564 billion.

At the end of 2019, UNDP launched a 'UNDP's Climate Promise'[58], which is a commitment to support at least 100 countries in revising their Nationally Determined Contribution (NDC) in an inclusive and transparent process. UNDP pledged a core fund of USD 25 million, and then will mobilise additional funds from key donors such as Germany, EU, Spain, Italy and Sweden. According to UNDP, more than 60 governments have already signaled their interest in receiving its support[59].

UNDP was accredited to GCF in May 2015 for medium size projects with Category B in the form of grants. To date, UNDP channels GCF money to 26 projects (18 adaptation, six mitigation and two cross-cutting projects)[60].

UN REDD with climate mitigation actions mandate

The United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation[61] (or UN-REDD Programme) is a collaborative programme of the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP)[62], created in 2008 in response to the UNFCCC decisions on the Bali Action Plan and REDD at COP 13.

The work of the UN-REDD Programme is guided by its 2016-2020 Strategic Framework[63], with the goal of reducing forest emissions and enhancing carbon stocks in forests while contributing to national sustainable development. In order to realise its goal and target impacts, the Programme has set three outcomes and supporting outputs for its 2016-2020 work programme:

(1) Contributions of REDD+ to the mitigation of climate change as well as to the provision of additional benefits have been designed;
(2) Country contributions to the mitigation of climate change through REDD+ are measured, reported and verified and necessary institutional arrangements are in place;
(3) REDD+ contributions to the mitigation of climate change are implemented and safeguarded with policies and measures that constitute results-based actions, including the development of appropriate and effective institutional arrangements.

Additionally, the Programme has identified four important cross-cutting themes as being particularly significant in order to ensure that the outcomes and outputs of the

55 JICA's cooperation on Climate Change, December 2018. Retrieved from https://www.jica.go.jp/english/our_work/climate_change/c8h0vm00005rzelb-att/cooperation_01_en.pdf

56 OECD defines a blended finance as a strategic use of development finance for the mobilisation of additional finance (from other financial intermediaries) towards sustainable development in developing countries in order to mobilise private capital flows to emerging and frontier markets. See at http://www.oecd.org/development/financing-sustainable-development/blended-finance-principles/

57 UNDP, Annual Report 2019. Retrieved from https://annualreport.undp.org/assets/UNDP-Annual-Report-2019-en.pdf

58 UNDP, Safeguarding sustainable development through bold climate action: UNDP's Climate Promise, 6 December 2019. Retrieved from https://www.undp.org/content/undp/en/home/news-centre/announcements/2019/UNDP_Climate_Promise.html

59 Ibid.

60 GCF, UNDP, 2015. Retrieved from https://www.greenclimate.fund/ae/undp

61 Not to be confused with REDD+. REDD+ is a voluntary climate change mitigation approach that has been developed by parties of UNFCCC to incentivise developing countries to reduce emissions from deforestation and forest degradation, conserve forest carbon stocks, sustainably manage forests and enhance forest carbon stocks. Meanwhile, the UN REDD Program is a multilateral body that partners with developing countries to support them in establishing the technical capacities needed to implement REDD+ and meet UNFCCC requirements for REDD+ results-based payments.

62 UN-REDD Programme, 2019. Retrieved from https://www.un-redd.org/how-we-work-1

63 UN-REDD Strategic Framework 2016-2020, 2020. Retrieved from https://www.unredd.net/documents/foundation-documents-88/strategy-2016-2020-3619/14096-un-redd-pb14-2015-strategic-framework.html

Programme will achieve results as desired: (1) Stakeholder Engagement; (2) Forest Governance; (3) Tenure Security; and (4) Gender Equality.

By the end of 2019, UN-REDD received in total around USD 317 million from the Multi-Partner Trust Fund (MPTF) that is composed of the European Union, the governments of Denmark, Japan, Luxembourg, Norway, Spain and Switzerland[64].

3. Multilateral development banks

The World Bank

In 1944, politicians from 44 countries gathered in Bretton Woods, USA, to discuss the economic condition after the Second World War and conceived the International Bank for Reconstruction and Development (IBRD). Those politicians agreed to build a new global financial system to meet the need for a long term capital to rebuild the destroyed wealth of Western Europe accumulated from the colonialism era following the two wars (First and Second World War). The new global financial system would make the countries economically dependent on each other through trade and investment, and therefore can avoid a new war (among them). The Bretton Woods System[65] then was born. New financial institutions were created from here: the International Monetary Fund[66] (IMF) that acts as the currency police, and the International Bank for Reconstruction and Development (IBRD). There was also an agreement that the World Bank president will always be an American, and the Executive Director of the IMF, a European. A member of the World Bank has to be in the IMF as well. Over time, IBRD developed into the World Bank Group (WBG)[67]. However, the term of the World Bank (WB) means the IBRD and International Development Association (IDA) only.

The World Bank Group is one of the world's largest sources of public funding for its developing countries members. WBG commitments in 2019 reached a total USD 62.3 billion in loans, grants, equity investments and guarantees. IBRD commitments were more than USD 23 billion, and IDA was USD 22 billion, of which nearly USD 8 billion were grants[68].

Only members can get financial support from the WBG. Now, there are 189 countries as members of the WBG, and its headquarters is in Washington DC, USA. Buying shares is the requirement to be a member of the WBG. The shares also reflect the voting power

64 UN-REDD Programme Fund, Financial Reporting on Sources and Uses of Funds, 31 December 2019. Retrieved from http://mptf.undp.org/factsheet/fund/CCF00

65 The Bretton Woods System was created in 1944 as an international basis for exchanging one currency to another, to replace gold with US Dollar as the fixed global currency standard that stabilises exchange rate, bridges imbalances of payments, rebuilds countries destroyed by war, and promotes development in poor countries.

66 The IMF is an organisation of 189 countries that was established in 1944 as one of the results from the Bretton Woods Agreement. Its primary purpose is to ensure the stability of the international monetary system. Developing countries with deficit balance of payment and inability to repay the debt to the World Bank can ask for new loans to pay the debt but first has to go a Structural Adjustment Program (SAP) prescribed by IMF with conditionalities among other social subsidies' cuts, trade liberalisation of national economy and deregulation of national policies to create enabling environment for trade and foreign direct investment. Impoverishment and social unrest were seen in many developing countries that went through the SAP process.

67 World Bank Group composes of IFC (International Finance Corporation, its private sector arm that provides loan, equity and advisory services to stimulate private sector investment in developing countries), IDA (International Development Association, provides financing on highly concessional terms to poorest countries), MIGA (Multilateral Investment Guarantee that provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies), and ICSID (International Centre for Settlement of Investment Disputes that provides international facilities for conciliation and arbitration of investment disputes).

68 World Bank Group 2019 report, Retrieved from https://openknowledge.worldbank.org/handle/10986/32333

in WBG decision making system, which is 1 USD for one vote[69]. Five countries have the highest share and therefore the highest vote at the IBRD (IBRD, 2020): USA (15.76 per cent), Japan (7.66 per cent), China (4.72 per cent), Germany (4.19 per cent), France (3.89 per cent) and United Kingdom (3.89 per cent). Sixteen developed countries together own around 45 per cent[70] of the total votes. This voting power indicates that the development in the developing countries through IBRD is directed by the economic interest of the developed countries.

WBG is dominated by the US and became a financier of technology and capital intensive big scale projects for the elites in the developing countries despite its rhetoric of 'poverty alleviation'. Millions of farmers were displaced and marginalised due to big infrastructure projects, particularly for transport and energy. Their livelihoods dependent on land, water, air, forest, local market, local crafts and cultural heritage were expropriated and replaced with export products such as cotton, pineapple, palm oil, avocados, etc. The World Bank used the former colonies for their market gains and interest, forcing capitalism dominated again by wealth accumulation for the Western developed countries.

In 2016, WBG adopted a Climate Action Plan 2016-2020 that is organised under four top-level priorities: (1) support transformational policies and institutions, (2) leverage resources, (3) scale up climate action, and (4) align internal processes and work with others. Priority (1) is about the creation of enabling environment for investment flows, including public and private, international and domestic capital; Priority (2) is about the facilitation of larger private capital flows (at least USD 13 billion per year); Priority (3) is about increasing its investments with more focus on adaptation and resilience; and Priority (4) is about broadening partnership to pursue support for NDCs. The ambition under this Action Plan until 2020 is adding 30 gigawatts of renewable energy, putting in place early warning systems for 100 million people, and developing climate-smart agriculture[71] investment plans for at least 40 countries[72].

In 2018, WB announced a mobilisation of USD 200 billion for five years targeting climate mitigation and curbing adaptation on the same balance with mitigation. In 2019, 32.1 per cent of World Bank commitments were for climate projects. The adaptation finance was the highest for social, urban, rural and resilience projects around USD 2 billion, followed by financing for agriculture, water, transport and environment and natural resources.

69 Meanwhile, the United Nations rules one country for one vote. Therefore, climate finance under the UNFCCC is preferable since the developing countries also have the power in the decision making that is not possible under the multilateral development banks (MDBs) system.

70 IBRD, Voting power of Executive Directors, 2020 Retrieved from http://pubdocs.worldbank.org/en/329671541106474760/IBRDEDsVotingTable.pdf

71 Climate-smart agriculture (CSA) is an approach developed by FAO and World Bank, to guide actions needed to transform and reorient agricultural systems to effectively support development and ensure food security in a changing climate. CSA aims to tackle three main objectives: sustainably increasing agricultural productivity and incomes; adapting and building resilience to climate change; and reducing and/or removing greenhouse gas emissions, where possible...Retrieved from http://www.fao.org/climate-smart-agriculture/en/

The same institutions (FAO and WB) have pushed for the Green Revolution during 1950-70's wreaking havoc and destruction of existing agriculture practices of millions of farmers in the developing world, trigger land grabbing and mass migration of poor farmers losing their livelihoods moving into cities, as well as kick-out women farmers from the agriculture sector. The World Bank also expanded agriculture in the forest sector by financing big scale plantations for palm oil, acacia and other monoculture plants.

The World Bank's Agriculture Action Plan 2013-15 explicitly sets out that CSA must build upon established priorities for making agriculture more input-intensive, driven by biotechnological advances, and by linking smallholders into global value chains (World Bank. 2013. World Bank Group Agriculture Action Plan 2013-2020. Washington, D.C.). Moreover, in its 2016 Climate Action Plan, the Bank further develops its priorities for technologically driven fixes noting that climate-smart agriculture programs will be delivered at scale with a focus on hybrid seeds and carbon capture practices; high-efficiency/low-energy use irrigation programs; livestock productivity; energy solutions for agribusiness; andmainstreaming of risk management (World Bank. 2016. World Bank Group Climate Change Action Plan 2016-2020. Washington: IBRD

72 World Bank Group Climate Change Action Plan 2016-2020, 2020. Retrieved from https://openknowledge.worldbank.org/bitstream/handle/10986/24451/K8860.pdf?sequence=2&isAllowed=y

Finance for energy and extractive industries was the highest among mitigation projects, nearly USD 4 billion, followed by water, environment and natural resources, and transport[73].

In July 2015, the WB received the accreditation from the GCF. The accreditation allows WB to channel large scale[74] activities of Category A[75] projects with loan and guarantee schemes. Until 2020, WB has already proposed eight projects to GCF, including 'Indonesia Geothermal Resource Risk Mitigation Project' that was criticised by the Indonesian and international CSOs as [not] meeting GCF's own standard of information disclosure; ignoring Indonesia's vulnerability to volcanic disasters and increasing risks through geothermal plant operation and lack of consultation with affected peoples in 20 targeted geothermal project sites including lack of information about the environmental risk assessment.

4. Climate finance administered jointly by Multilateral Development Banks (MDBs)

Climate Investment Fund (CIF)

The Climate Investment Fund (CIF) is an interim mechanism initiated by Japan, USA and UK in 2008 aiming to finance developing countries' transition toward low-carbon and climate-resilient development. It was approved by the World Bank's Board of Directors and received pledges of USD 6.5 billion from 14 countries. The CIF is managed by five multilateral development banks (MDBs): African Development Bank Group, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank and the World Bank Group. The CIF sits in the WBG headquarters, and the WB plays a role as its trustee, which includes the 'sunset clause' that this body will end when the UNFCCC establishes its own new financial mechanism.

CIF consists of two funds: (1) Clean Technology Fund (CTF) for supporting renewable energy, low carbon technologies, energy efficiency and clean transport in middle-income countries; (2) Strategic Climate Fund (SCF) for financing new approaches or scales up activities through the Forest Investment Program, the Pilot Program for Climate Resilience and the Scaling Up Renewable Energy in low-income countries.

At the end of 2019, CIF disbursed USD 6.9 billion and is expected to mobilise around USD 60 billion in co-financing from other sources, including recipient governments, multilateral development banks (MDBs), and the private sector for over 300 climate investments in 72 countries. The risk appetite of CIF was valued highly by MDBs and the recipient countries, i.e. 36 per cent of its approved funding was given to unproven or risky technologies like the geothermal and Concentrated Solar Power (CPI, 2016).

73 WBG Annual Report 2019, op.cit. p.6

74 GCF categorises activities in four scales: (1) Large-sized Activity means a project with the costs are above US 250 million; (2) Medium-sized Activity is a project where the total projected costs are above USD 50 million and up to and including USD 250 million; (3) Small-sized Activity is a project with total cost above USD 10 million and up to and including USD 50 million; (4) Micro-sized Activity is a project with total cost up to and including US 10 million. Source: GCF, Template Accreditation Master Agreement (AMA). Retrieved from https://www.greenclimate.fund/sites/default/files/document/accreditation-master-agreement-template.pdf

75 Project categorization is a screening to confirm the environmental and social risk category, and then to determine which requirements are applied for a project proposal. The GCF's project categorization is: (1) Category A. Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented; (2) Category B. Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and (3) Category C. Activities with minimal or no adverse environmental and/or social risks and/or impacts. Source: GCF, Environmental and Social Policy, 2018. Retrieved from https://www.greenclimate.fund/sites/default/files/document/environment-social-policy.pdf

5. MDBs that is accredited to GCF

Asian Development Bank[76]

The Asian Development Bank (ADB) received its accreditation to GCF in March 2015. It can channel GCF money for large scale projects with Category A in the form of loan, equity and guarantee. Since then, ADB channelled funds into ten projects: six cross-cutting[77], two mitigation and two adaptation projects.

ADB is a multilateral development bank that was established in 1966 aiming to foster economic growth in Asia. The 68 members of ADB are composed of developing countries in Asia and developed countries like the USA, Japan, European countries, Canada and Australia. Its President is always Japanese. ADB provides its developing country members with loans, technical assistance, grants and equity investments, as well as co-financing from official, commercial and export credit sources. In 2019, ADB committed USD 21.64 billion for loans, grants, equity investments and guarantees; USD 237 million for technical assistance; USD11.86 for co-financing, including trust funds (ADB, 2020). Funds distributed by sector were mostly for transport (35 per cent), public sector management (14 per cent), energy (12 per cent), agriculture, natural resources and rural development (10 per cent); less for education (5 per cent) and health (3 per cent).

In its new Strategy 2030, ADB committed USD 80 billion in climate finance for adaptation and mitigation. In 2019, ADB delivered over USD 6.37 billion in climate finance from its own resources, in addition to raising a total of USD 704.9 million from external financing, including from the GCF.

Projects proposed by the ADB to GCF raised some concerns among the CSOs, which were conveyed to the GCF Board meetings. Some examples include:

- A smart agriculture project in Cambodia[78] that includes Genetically Modified Organism (GMO), fertiliser and pesticide lab testing, linking local farmers to global markets for particular agricultural products such as rice, maise, mango and cassava, which would make them more vulnerable, and introducing new policies for boosting agri-business.
- Tonga's energy/power plant[79] was developed with limited and insufficient engagement and consultation with local communities, especially women in the project design and implementation, despite the project location being surrounded by a number of households and a large number of women in the workforce.
- While modernising the Hydromet campus and associated facilities[80] to develop forecasting and warning systems for extreme weather events is necessary, imposing a fee-based service for forecasts is worrisome. The poor people will be left out from

76 Other MDBs that are accredited to GCF are African Development Bank (AfDB), European Investment Bank (EIB), EBRD (European Bank for Recon struction and Development), IDB (Inter-American Development Bank), and the World Bank.

77 A project that may both reduce the amount of greenhouse gas emissions (mitigation) and allow vulnerable communities and populations to adapt to climate change (adaptation).

78 FP076 Climate-friendly Agribusiness Value Chains Sector Project in Cambodia at: https://www.greenclimate.fund/project/fp076

79 FP090 Tonga Renewable Energy Project under the Pacific Islands Renewable Energy Investment Program at: https://www.greenclimate.fund/project/fp090

80 FP075 Institutional Development of the State Agency for Hydrometeorology of Tajikistan at: https://www.greenclimate.fund/project/fp075

information services on weather with only the rich and companies being able to afford the forecast information. People's right to information, in this regard on forecasting extreme weather events that are important for their lives, is therefore being deprived.

6. Private sector

Chevron Corporation

Chevron Corporation is an American multinational energy corporation and active in more than 180 countries. It was listed as the second biggest oil and gas company from the world's top 20 carbon emitters besides Saudi Aramco (top carbon emitter) and ExxonMobil.[81] Those 20 companies produced 480 billion tons of carbon dioxide and methane between 1965 and 2019, and made up 35 per cent of all fossil fuel emissions worldwide[82].

With the slogan of 'Human Energy Company', Chevron is trying to show that it strives *"...to deliver affordable, reliable, ever-cleaner energy that enables human progress."*[83] However, what it actually means by 'cleaner energy' is geothermal, solar, wind, biofuel, fuel cells and hydrogen, some of which are false solutions. Chevron has claimed to be the world's largest producer of geothermal energy with wells among others in Indonesia and the Philippines

Indeed, geothermal power plants produce less carbon compared to coal fired power plants, but it is not environmentally sustainable due to air and water pollution, excessive use of water, and clearing forests for its infrastructure and plant construction.

7. National climate funds

Indonesian Climate Change Trust Fund (ICCTF)

The Indonesian Climate Change Trust Fund (ICCTF) was established by the Indonesian government in 2009 to coordinate and harmonise climate finance in reducing GHG emissions through actions of low carbon development and adaptation to climate change impacts. Moreover, ICCTF also strives to integrate climate change issues into development plans at the national, provincial and regional levels, as well as implementing the initiatives on climate change mitigation and adaptation. Further, through leveraging and channelling domestic resources and international funds into projects aligned with Indonesia's National/Regional Action Plan to Reduce Greenhouse Gasses (RAN/RAD-GRK) to meet 26 per cent emission reduction target (voluntary with its own efforts), and 41 per cent emission reduction target with international support. ICCTF is now an independent working unit under the National Development Plan Agency.

Listed as development partners of ICCTF are: USAID, UK Aid, Environmental Support Programme, Phase 3 (ESP3)-Danida Environmental Support Program, the Embassy of Denmark, UNDP and German Federal Ministry for the Environment, Nature Conservation,

81 Based on a study by Climate Accountability Institute in 2019 commissioned by the Guardian at: https://www.theguardian.com/commentisfree/2019/oct/09/fossil-fuel-giants-greed-carbon-emissions

82 Ibid.

83 Chevron, Annual Report 2019. Retrieved from https://www.chevron.com/-/media/chevron/annual-report/2019/documents/2019-Annual-Report.pdf

Building and Nuclear Safety. These are likely funding resources of ICCTF. Since its establishment, ICTTF has supported a total of 76 projects: 46 are land-based mitigation projects, 22 adaptation and resilience projects, and eight energy projects in 99 areas of Indonesia.

As a financial institution, ICCTF is not transparent on its financial information. There is no disclosure of a single Indonesian Rp or USD on its website[84], and the financial reports icon is password protected.

Bangladesh Climate Change Trust Fund (BCCTF)

The Bangladesh government set up the Bangladesh Climate Change Trust Fund (BCCTF) with USD 400 million from its revenues in 2010 and placed it under the Ministry of Environment, Forest, and Climate Change. BCCTF is the first-ever national climate fund of the Least Developed Countries (LDCs). The Fund aims to finance adaptation and mitigation projects and build the country's resilience against climate change. A Board of Trustees oversees the BCCTF, and it is its highest decision-making body. The Ministry of Environment, Forest, and Climate Change chairs the 16 members of the Board of Trustees, composed of 10 ministers, including the Minister for Women and Children, the Cabinet Secretary, the Governor of Bangladesh Bank, secretaries of the ministries, and two experts appointed by the government.

The Secretary, Ministry of Environment, Forest, and Climate Change heads a Technical Committee that examines project proposals submitted to BCCT from various ministries and departments and recommends to the Board of Trustees for approval, rejection, or amendment (if required). The Technical Committee composes 13 members from various backgrounds, including representatives of the ministries, two appointed experts, and two from the NGOs.

In 2018, BCCTF approved 512 projects and accomplished 221 projects in the amount of BDT 3,500 in crore. Most of the allocation was for infrastructure (67 per cent), followed by Food Security, Social Protection, and Health (14 per cent) and Mitigation and Low Carbon Development (13 per cent). The least allocation was for Comprehensive Disaster Management and Capacity Building and Institutional Strengthening with one per cent respectively.

Cambodian Climate Change Alliance (CCCA) Trust Fund

Cambodia Climate Change Alliance (CCCA) is a multi-donor initiative funded with USD 8.9 million by the European Union (EU), United Nations Development Programme (UNDP), Swedish International Development Cooperation Agency (Sida), and Danish International Development Agency (Danida) in 1996. The overall objective of CCCA is to strengthen the capacity of the National Climate Change Committee (NCCC) to fulfill its mandate to address climate change and enable related ministries and NGOs to implement priority climate change actions. The Cambodian government established in 2006 the NCCC, a coordinating and policy support entity for all aspects of climate change that consists of 20 ministries and agencies. The NCCC hosts the CCCA and a trust fund called Cambodian Climate Change Alliance Trust Fund (CCCATF) as a multi-donor financial facility as the resource for climate change capacity building at the national and local government

84 See ICCTF at https://www.icctf.or.id

levels. UNDP acts as the interim Trust Fund Manager and, therefore, UNDP rules and the procedures applicable in the operation of the trust fund. The Ministry of Environment is the government implementing partner on behalf of the NCCCC. The Ministry hosts the Trust Fund Secretariat that is responsible for the day-to-day operation of the CCCA Trust Fund.

The CCCA program ended in 2014. SIDA, EU, and UNDP continued the program for the period of 2014 - 2019. This time the program focused on strengthening national systems and capacities to implement and coordinate better the response to climate change at both the national and local levels.

The final review by Sida in 2014 for the first period found out that the CCCA Trust Fund operations have been well run, effectively, and efficiently managing the project grant process. However, international climate financing readiness still needs further development and a practical means of pursuing the many available and relevant financing sources for CCCSP priorities. The majority of the CCCA funds were provided for 20 grant projects and for increasing the resilience of coastal communities and ecosystems.

Philippines People's Survival Fund

The Philippine government created 2012 the People's Survival Fund (PSF) through a law. The Philippines government's support for this initiative is around USD 25 million annually. PSF that sits under the National Treasury aims to provide long stream finance for adaptation projects of local government units and local/community organisations to increase the resilience of communities and ecosystems to climate change. Specifically, the PSF will address funding gaps for climate adaptation projects that are aligned to the national/local climate change adaption-disaster risk reduction (CCA-DRR) development plans and national/local action plans and strategic frameworks.

A Board under the Climate Change Commission that manages the PSF, consists of ministries and agencies, including the Philippine Commission on women, and representatives of academe and scientific community, business sector, and NGOs.

In 2021, there are six approved climate change adaptation projects from the local government units, 36 projects are in the pipeline, and no project from the NGO yet.

8. International NGO climate finance in the developing countries

World Wide Fund for Nature (WWF)

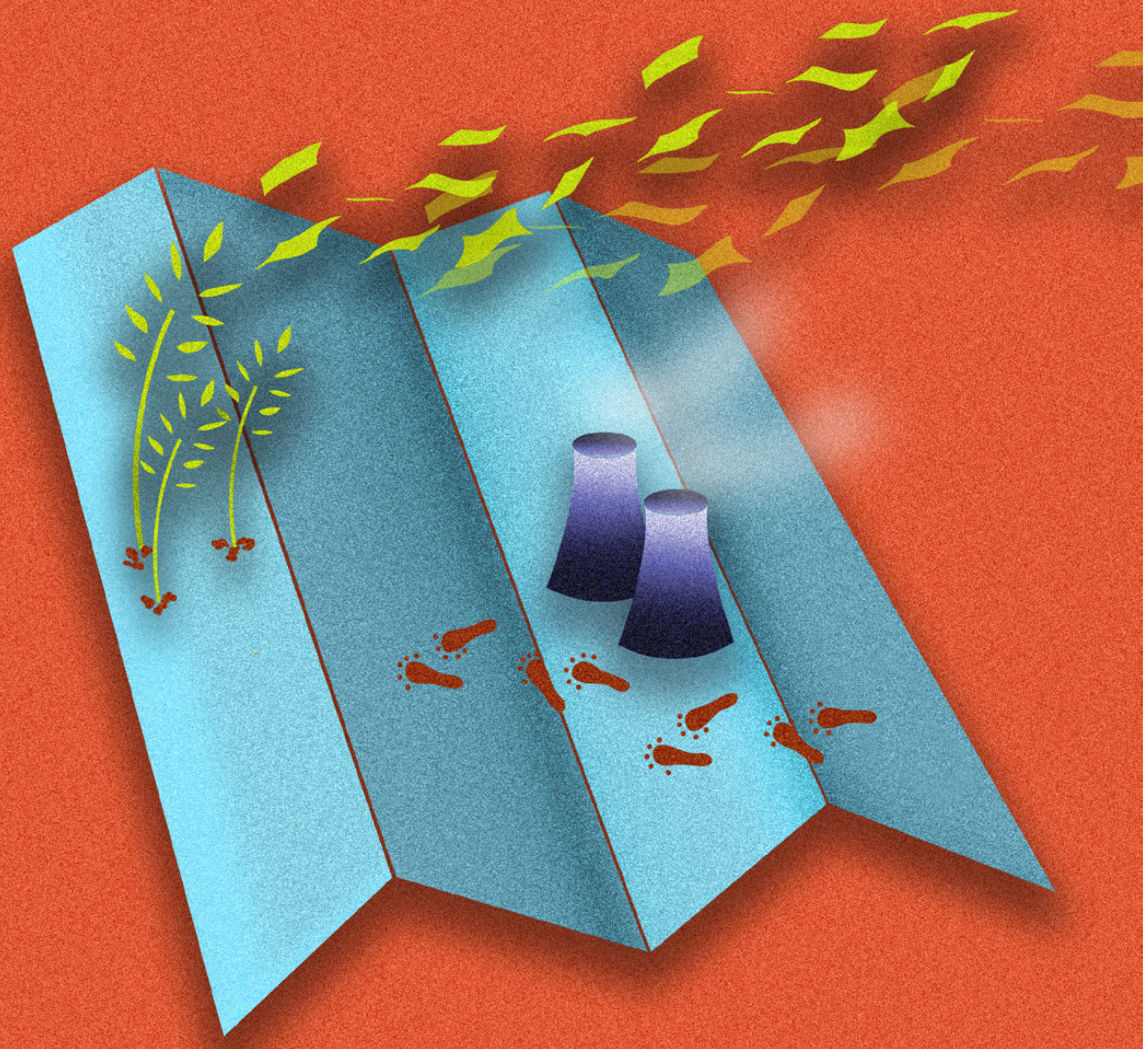
The World Wide Fund for Nature (WWF) is a leading international conservation non-governmental organisation founded in 1961, and works in more than 100 countries for around 3,000 conservation and environmental projects. They have invested over USD 1 billion in more than 12,000 conservation initiatives since 1995. WWF is a foundation funded from individuals (39 per cent), in-kind (26 per cent) and other sources (26 per cent), government sources (11 per cent) and from corporations (4 per cent)[85].

85 WWF, Annual Report 2019 Retrieved from http://assets.worldwildlife.org/financial_reports/37/reports/original/WWF-AR2019-FINALPAGES.pdf?1582917951&_ga=2.185075369.1408362790.1595306778-1184121963.1595306778

WWF's climate goal is to create a climate resilient and zero carbon world, powered by renewable energy, integrating environmental considerations into disaster recovery, reconstruction, and risk reduction; supporting REDD+ and ensuring that global climate change agreements reduce forest loss and degradation. WWF is accredited to GCF for medium scale projects with Category B in the form of grants.

WWF has received criticism for its alleged corporate ties and reprimanded for supporting eco-guards that hounded African forest dwellers in the proposed Messok Dja national park in the Republic of the Congo[86]; its investment of USD 2 million in an oil and gas fund; its support for the shoot-to-kill policy in Kaziranga National Park, India; its role in the eviction of Indigenous Peoples for tiger tourism while supporting infrastructural support, training and equipment for staff in Kanha Tiger Reserve, Madhya Pradesh, India.

86 REDD-Monitor, 2020. Killings, torture, sexual and physical violence and intimidation have no place in conservation: NGOs react to WWF's in dependent review on human rights abuses.Retrieved from https://redd-monitor.org/tag/wwf/



Part IV.
Climate Actions in Developing Countries

The climate finance flows from the developed to the developing countries through various ways, be it under the UNFCCC mechanisms or non-UNFCCC mechanisms, are materialising in the form of climate projects funded by different financial instruments such as grants, loans, equities and/or guarantees, and the newest model is the 'result-based payment'[87]. These types of funding for climate projects are usually for mitigation and adaptation activities, but can also be for so-called 'cross-cutting activities' such as projects resulting in reducing GHGs as well as increasing climate resilience.

The Green Climate Fund (GCF) is an example of how climate actions in developing countries are conceptualised, processed and decided. GCF is a financial mechanism under the UNFCCC, set up in 2010 and is currently the world's largest climate financier. GCF launched its initial resource mobilisation in 2014, and rapidly gathered pledges worth USD 10.3 billion from developed and developing countries by 2020. Its first replenishment process for 2020 - 2023 pledges in the amount of USD 9.7 billion were made by 12 country contributors. The top five contributors are the United Kingdom, Sweden, Norway, South Korea and Spain[88].

GCF is committed to financing a balance of mitigation and adaptation projects, which in practice is not easy to achieve. Of all the 143 GCF projects[89] 40 per cent are for mitigation, 25 per cent are for adaptation and 35 per cent are for cross-cutting (as of September 2020). Mitigation projects are about investments in large scale construction and advanced technology.

CSOs' comments on particular proposed projects are important feedback for consideration by the GCF Board members to ensure that GCF does fulfil its role to the maximum benefit of people and communities to deal with the increasingly worsening impacts of the climate crisis. It is also vital for the transformation of the energy and economic systems to prevent climate catastrophe and build equitable, post-carbon and just societies.

Below are examples of projects financed by GCF from 2015 to 2020 with comments for respective projects delivered by CSO Active Observers during the GCF Board meetings. These examples are randomly selected from the 128 GCF projects as of June 2020 in Asia and the Pacific, for mitigation, adaptation and cross-cutting activities, and represent different GCF areas of work[90].

1. **Climate-Friendly Agribusiness Value Chain Sector Project in Cambodia** (FP 076)[91] is a cross-cutting project under the GCF's thematic area of Agriculture, forestry and other land use: sustainable land use and forest management for protection and to rejuvenate forests. This project was proposed by the ADB and approved by the

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87 Grant is equal to the amount of money given to fund certain projects or activities. Equity investment is equal to the investment that confers whole or partial ownership in an enterprise and entitles the investor to share in the profits from its operation. Loan is equal to the borrowed sum of money that is expected to be paid back with interest. Guarantee is equal to the assumption of responsibility for payment of a debt or performance of some obligation if the liable party fails to perform to expectations. Result-based Payment (specifically for REDD+) is equal to the results defined in advance, and funding is only released upon the achievement of these results that are verified independently.

88 More on GCF 1st replenishment is at: GCF First Replenishment (GCF-1), Replenishment Summary Report, 30 October 2019, at: https://www.greenclimate.fund/sites/default/files/document/gcf-b24-11.pdf

89 As of 18 September 2020, source: GCF Project Portfolio at: https://www.greenclimate.fund/projects/dashboard

90 More information on GCF approved projects, see GCF, Project portfolio at: https://www.greenclimate.fund/projects

91 This is a reference number of the GCF project to find any GCF data.

GCF in March 2018 in the amount of USD 30 million grant and USD 10 million loan. It is aimed to reduce greenhouse gas emissions and the climate vulnerability of Cambodia's agricultural value chains by enhancing the resilience and productivity of crops, and increasing agricultural competitiveness and household incomes in the targeted provinces.

Concerns raised by the CSOs were conveyed to the GCF Board Meeting[92] that the proposed project:

- Lacked evidence and insufficient information on whether the project output will benefit the climate, communities and farming system;
- Lack of clarity whether the varieties of crops introduced are genetically modified and lack of information whether synthetic (inorganic) fertiliser will be used. Experiences showed that GMO crops and chemical fertilisers may result in massive disappearance of plant and seed diversity from farmers' fields;
- Lack of information about potential environmental and social impacts from the introduction of these new varieties of crops;
- Lack of analysis of potential economic and social implications once the crops are introduced as export commodities on the global market, risking increased vulnerability and dependency, and potentially leading to the reduction of Cambodian farmers' income and exacerbate poverty. GCF cannot approve projects that would increase economic vulnerability in order to address the climate vulnerability.

2. **Scaling up Energy Efficiency for Industrial Enterprises in Vietnam** (FP071) is a mitigation project under the GCF's thematic area of Buildings, cities, industries and appliances: reduce emissions from buildings, cities, industries and appliances by supporting policies, standards and technologies that reduce the need for energy. This mitigation project was proposed by the World Bank and approved by the GCF in March 2018 in the amount of USD 100 million guarantee and USD 11.3 million grant. It is aimed to overcome the market barriers of energy efficiency (EE) investment in the industrial sector in Vietnam. Through a GCF guarantee instrument, technical assistance and capacity building activities combined with a dedicated credit line, the project was expected to help the Vietnamese government to promote the efficient use of electricity and reduce consumption and emissions.

   CSOs considered that this project was problematic because, among others:

- Lack of meaningful consultation with indigenous peoples; although its planning framework referred to Free, Prior and Informed Consultation (rather than consent), CSOs were not included in project stakeholder consultations;
- The criteria to select sub-projects and the type of industrial enterprises to be funded are unclear;
- This project could trigger technological and energy dependency since lack of information available about the source of the new EE technology for the sub-projects;
- Insufficient assessment on labour issues, including the fate of the workers if the industrial sector introduces new EE technology and machines;
- Lack of social, environmental and gender impact assessment of the sub-projects.

92 There is a network of CSOs from the developing and developed countries that monitors GCF processes. Its network website: www.gcfwatch.org. The network self-selects their representatives as the Southern CSO Active Observers and Northern CSO Active Observers and also their alternates. The CSO Observers sit in the GCF Board Meeting room and may do interventions on each GCF Board Meeting agenda item, including on proposed projects.

CSOs recommendation to the GCF Board of Directors was for not approving this project proposal until these issues are addressed.

3. **Line of Credit for Solar rooftop segment for commercial, industrial and residential housing sectors in India** (FP081) is a mitigation project under the GCF's thematic area of Energy: reduce emissions through increased low-emission energy access and power generation, by helping speed up investments in modern renewable technologies to reduce reliance on fossil fuels. This project was proposed by the Indian National Bank for Agriculture and Development (NABARD) and approved by GCF in March 2018 in the amount of USD 100 million. It was expected that the project would enable access to long-term, affordable finance for solar rooftop installation projects in the commercial, industrial and residential housing sectors in India, including vulnerable communities.

   CSOs supported the overall purpose of the project proposal and its focus on solar rooftop projects that could be implemented in a decentralised way. Further it generally posed fewer environmental and social risks because it would use already built-up space. However, on the other hand, CSOs were not fully convinced why the GCF's resources would be needed here. The executing entity Tata Cleantech Capital Limited is a joint venture of IFC, the World Bank's private sector arm, and the Tata Group, India's largest industrial conglomerate. CSOs argued that they should have enough capital to be able to finance solar rooftop projects themselves. Consequently, a clearer justification of the added value of GCF involvement was needed.

Other concerns raised by the CSOs included:

- Extremely superficial information on the ultimate beneficiaries;
- None of the promised finance for solar rooftop projects is for women-led businesses, vulnerable communities and small/micro scale businesses;
- Very unclear information on how a project targeting a predominantly male population would help advance opportunities for women;
- No technical assistance, training or knowledge dissemination activities that could allow for a larger impact beyond the loan recipients, e.g. to spread lessons learned to other financial institutions, increase the interest in solar rooftop among other potential users or to identify options to improve the regulatory framework;
- Description of risks was very much focused on financial risks, while environmental and social risks were not sufficiently considered.

4. **Green Bus Rapid Transit (BRT) in Karachi, Pakistan** (FP085) is a project under the GCF's thematic area of Transport: reduce emissions through increased access to low-emission transport, through supporting low- and zero-emission public and private transport systems. It was proposed by ADB and approved in November 2018 by GCF for USD 37.2 million loan and USD 11.8 million grant. The project aimed to establish a 30-kilometre fully segregated bus rapid transit (BRT) system operated with the "world's first" bio-methane hybrid bus fleet. The project included innovative features such as a dedicated biogas plant covering 100 per cent of the fuel demand and the last mile connectivity via bikes and e-pedicabs and included flood proofing of the road.

CSOs were supportive of the overall project proposal and appreciative in particular about efforts made in this proposal to thoroughly consider gender as a core part of the project by integrating both transportation sector and location-specific gender dimensions into the proposed rapid bus transit line design and operation. However, there were two serious concerns: (1) the requirement of information disclosure of 120 days for a Category A high risk project was not met since the CSOs Active Observers received the notice of the project only 30 days prior to the Board's consideration; (2) the use of bio-methane fuel is not transformational since it is based on reusing emissions from industrial agriculture productions. A just solution instead is to phase out methane emissions from agro-industrial production and promote long-term transformation relying on renewable energy.

5. **Safeguarding rural communities and their physical assets from climate induced disasters in Timor-Leste** (FP109) is an adaptation project under the GCF's thematic area of Ecosystems and ecosystem services: improve resilience of ecosystem services by addressing risks brought about by degrading ecosystems affected by climate change. This project was proposed by UNDP and approved by GCF in July 2019 for USD 22.4 million in the form of grants. The aims of this project are: to strengthen the capacity of institutions to assess and manage climate risks and to implement, finance and maintain local infrastructure services; to enhance monitoring of climate risk information; and climate resilient building measures to improve small-scale rural infrastructure in vulnerable areas.

   While CSOs agreed that this project was a good initiative by having climate-proof measures that engage local communities in the project design and implementation, they expressed concerns regarding:

- Species of trees/vegetations for the revegetation purposes that would come from bioengineering and smart agroforestry;
- Lack of environmental and social impact assessment of the newly introduced innovations and technologies in identification of climate risks, risk assessment of irrigation schemes to ensure they are not harmful to the local environment while respecting the rights of local communities, Indigenous Peoples and others, and ensuring ecological balances;
- Lack of documentation about engagement of Indigenous Peoples and ethnic minorities who should have been engaged in the formulation and implementation of the framework in accordance with the GCF IP policy;
- Lack of detailed information on how the project is going to ensure that the trees planted are going to be monitored until they grow up/mature.

6. **Fiji Urban Water Supply and Wastewater Management Project** (FP008) is an adaptation project under the GCF's thematic area of Health, food and water security: increase the resilience of health and well-being of communities, as well as improve food and water security through integrated strategic interventions. The project was proposed by ADB and approved by GCF in November 2015 in co-financing a grant of around USD 31 million. The project would build and renovate infrastructure to: improve access to safe water and sewerage systems in the greater Suva area of Fiji; create a new river water intake station on the Rewa River; and improve the Kinoya wastewater treatment plant and associated sewer coverage.

CSOs found:

- The project was not clear whether it was a climate or development project. The inability to access water can indeed be a source of vulnerability to climate change for many people and thus improving access to water can improve resilience. However, GCF potentially would be subsidising business-as-usual practices of existing international institutions that have a duty to climate-proof their investments on their own;
- The project increases indebtedness which can significantly reduce the adaptive capacity of a country that is looking for support;
- ADB, which was warned of "increasing the risk of debt distress", has provided USD 417.26 million in loans to Fiji on top of the USD 67.70 million in loans they are extending with this project, despite requesting grant finance from the GCF;
- The project was silent on project trade-offs, e.g. lack of discussion about the potential impact of water diversion in urban areas on rural area residents and agriculture;
- The project could also involve resettlement issues, including displacing Indigenous Peoples.

7. **Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Project** (AHURP) (FP077) is a cross-cutting project under the GCF's thematic area of Infrastructure: increase resilience of infrastructure and the built environment to climate change threats by building climate-strengthened cities. The project was proposed by ADB and approved by GCF in March 2018 in the amount of USD 95 million loan and USD 50 million grant. It aims to improve the climate resilience of the Mongolian capital, Ulaanbaatar, and reduce greenhouse gas emissions and air pollution by creating eco-districts that are equipped with low-cost urban infrastructure, public facilities and social housing units.

   CSOs opinion was that this project provided wrong assumptions about the needs of the people of Mongolia. The project presented urban development as a priority and ignored addressing the root causes of climate vulnerability of the people of Mongolia. Concerns conveyed to GCF Board included:

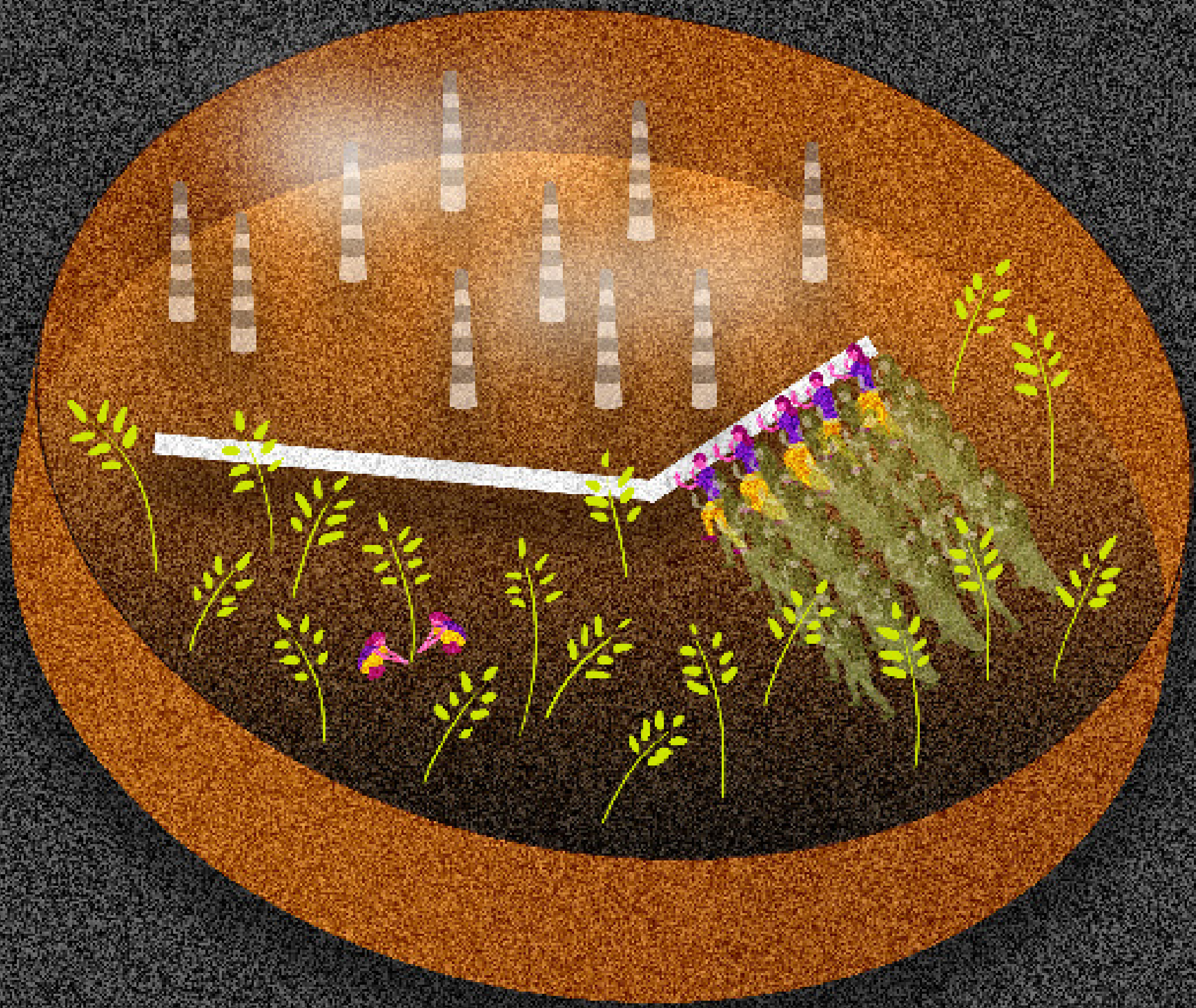
- Ulaanbaatar City, which represents over 40 per cent of Mongolia's population, was excessively urbanised, and already beyond its carrying capacity to provide environmental and water resources. Thus, building the proposed development of an eco-district to accommodate more people in the city was not a sustainable climate solution. It also contradicted with the efforts done by the Mongolian government to decentralise the population in Ulaanbaatar and offered migrants opportunities to return to their hometowns outside Ulaanbaatar;
- The claim that local people needed to be resettled to Ulaanbaatar because of climate change impacts was a questionable statement. The majority of them were displaced and lost their livelihoods because of mining activities outside Ulaanbaatar that contaminated land and water resources;
- The project failed to address issues around resettlement and land acquisition. Several ADB district and land restructuring projects in Mongolia in the past reported massive involuntary resettlement. Despite the disclosure of relevant frameworks and action plans, the project lacked strong commitment to compliance;
- The project aimed to make climate-resilient housing affordable, but the rates indicated remain unaffordable for low-income families; the high initial cost to build new housing proved the economic effectiveness of the project as highly doubtful.

8. **Building climate resilience of vulnerable and food insecure communities through capacity strengthening and livelihood diversification in mountainous regions of Tajikistan** (FP067). This adaptation project is under the GCF's thematic area of Livelihoods of vulnerable communities: increase resilience of the livelihoods of people, communities and regions at the risk of being ravaged by climate change. It was proposed by the World Food Programme and approved in March 2018 by GCF for a grant amounting to USD 9.3 million. The project aims to build the adaptive capacity of vulnerable communities in Tajikistan affected by food insecurity, particularly droughts and floods, due to increasing temperature and rainfall variability and recurrent natural disasters. Moreover, local communities in mountainous areas have low adaptive capacity to cope with these impacts due to the lack of adequate climate information to plan their agricultural production while they rely heavily on climate-sensitive sources of income.

CSOs supported this community-based adaptation project particularly because it targets smallholder farmers and made a substantial effort to get community buy-in and stakeholder input. It also recognised and addressed the indisputable link between climate change threats and food insecurity. Lastly, it strengthened the capacity of national institutions for climate information services which will support long-term sustainability.

Part V.

Advocacy on Climate Finance Policy and Projects



1. Policy and frameworks at the global level

1.1. UNFCCC Conference of the Parties (COP)

UNFCCC Conference of the Parties (COP) convenes annually. It is the highest decision making body that reviews the implementation of the UN Framework Convention on Climate Change (the 'Convention') and any other legal instrument adopted, including institutional and administrative arrangements. A key task for the COP is to review the national communications (reports) and emissions inventories submitted by its Countries/Parties. Based on this information, the COP assesses the effects of the measures taken by Parties and the progress made in achieving the ultimate objective of the Convention.

The COP, CMP (meeting of the Parties to the Kyoto Protocol) and CMA (meeting of the Parties to the Paris Agreement) currently convenes annually for two weeks, usually in late November or early to mid-December, along with meetings of the subsidiary bodies, ad hoc negotiating bodies, additional preparation meetings and technical workshops. The first week of the sessions typically focuses on technical sessions of the subsidiary bodies and any ad hoc working groups. The second week includes a 'high-level segment', with statements from Prime Ministers, Presidents and Ministers of Parliament who often actively engage in the negotiations on a political outcome for the conference. The high-level segment is included to facilitate agreement on the major political issues (rather than to negotiate details), demonstrate priority for the UN climate change process and ensure momentum is sustained for global commitment to keep the temperature rise below 1.5 degrees.

There are three categories of participants at meetings and conferences in the UNFCCC process: (1) representatives of Parties to the Convention and Observer States, (2) members of the press and media, and (3) representatives of observer organisations. The Observer organisations are further categorised into three types: (i) the United Nations System and its Specialised Agencies, (ii) inter-governmental organisations (IGOs), and (iii) non-governmental organisations (NGOs). IGOs and NGOs can register delegates once they have been admitted by the Conference of the Parties as observers to the UNFCCC.[93] As of 2018, over 2,200 NGOs and 130 IGOs are admitted as observers[94]. The NGOs represent a broad spectrum of interests, and include representatives from business and industry, environmental groups, farming and agriculture, indigenous populations, local governments and municipal authorities, research and academic institutes, trade/labour unions, women and gender and youth groups.

A platform, well-known as the Green Zone, is provided for admitted observer organisations, which have limited speaking opportunities in the formal negotiations. Meanwhile, an area well-known as the Blue Zone, is the place to engage with Parties and other participants for knowledge sharing, capacity building, networking and exploring actionable options for meeting the climate challenge. The Green Zone platform is in the form of side events and exhibitions.

Organisations (non-governmental organisations (NGOs) and inter-governmental organisations (IGOs)) have to be admitted by the Conference of the Parties (COP) as observer organisations to the UNFCCC process before they can send representatives to attend any sessions or meetings of the UNFCCC. While the organisation does not need to repeat this process once admitted, it has to register its representatives through the Online Registration System in order for them to attend a session annually. The registration process for admitted observers is explained on the web pages for admitted IGOs and admitted NGOs, respectively.[95]

1.2. UNFCCC Bonn Inter-sessions

The UNFCCC convenes inter-sessional meetings (meetings between two Conference of the Parties/COPs), which are the sessions of the Subsidiary Body for Implementation (SBI)[96], the Subsidiary Body for Scientific and Technological Advice (SBSTA[97]), and the session of the Ad Hoc Working Group on the Paris Agreement (APA). SBI and SBSTA were established as permanent subsidiary bodies by COP and CMP (Parties to the Kyoto Protocol)[98]. Bonn, the former capital of West Germany, is now the seat of the UNFCCC Secretariat of these bodies that usually meet in parallel twice a year.

SBI supports the work of the COP and the CMP through the assessment and review of the effective implementation of the Convention and its Kyoto Protocol and advises the COP on budgetary and administrative matters. SBSTA supports the work of the COP, the CMP and the CMA through the provision of timely information and advice on scientific and technological matters as they relate to the Convention, its Kyoto Protocol and the Paris Agreement.

The Bonn Inter-sessions also provides a platform to engage with Parties and other participants and observers for knowledge sharing, capacity building, networking and exploring actionable options for meeting the climate challenge. A similar platform for side events and exhibitions is provided for NGOs and participants. Opportunities for interactions with Parties and other observers on various issues are more available at the inter-sessions compared to the UNFCCC COPs.

1.3. UNFCCC Standing Committee on Finance (SCF):

The 16th UNFCCC COP in Cancun decided to establish a Standing Committee on Finance (SCF) to assist the COP in relation to the Financial Mechanism of the Convention[99]. The Forum of the Standing Committee on Finance (SCF) provides a platform for a wide range of stakeholders from governments, climate funds, financial institutions, civil society, think tanks and the private sector to discuss a topic of interest in climate finance and promote linkages and coherence in the mobilisation and delivery of climate finance. In 2019, at its 21st meeting, SCF organised its Forum on the topic of "Financing Nature-based Solutions[100]."

93 APWLD has Consultative Status to the United Nations Economic and Social Council (ECOSOC) and is therefore a registered NGO observer at COP.

94 UNFCCC, overview of observer organisations, Source: https://unfccc.int/process-and-meetings/parties-non-party-stakeholders/non-party-stakeholders/overview

95 More about side events and exhibits application manual, version 6-2018, at: https://seors.unfccc.int/applications/seors/seors/pdf/UNFCCC_SEORS_user_manual.pdf

96 More on SBI is at: https://unfccc.int/process/bodies/subsidiary-bodies/sbi

97 More on UNFCCC - SBSTA is at: https://unfccc.int/process/bodies/subsidiary-bodies/sbsta

98 More on CMP (membership, election, reports) is at: https://unfccc.int/process/bodies/supreme-bodies/conference-of-the-parties-serving-as-the-meeting-of-the-parties-to-the-kyoto-protocol-cmp

99 More on UNFCCC Standing Committee on Finance (SCF) is at: https://unfccc.int/topics/climate-finance/funds-entities-bodies/standing-committee-on-finance/about-the-standing-committee-on-finance

100 Input received from Parties and observers on the next SCF Forum of Financing nature-based Solutions can be seen at: https://unfccc.int/topics/climate-finance/events-meetings/scf-forum/the-next-scf-forum-financing-nature-based-solutions

Currently, the SCF has four specific functions:

(1) Assisting the COP in improving coherence and coordination in the delivery of climate change financing;
(2) Assisting the COP in rationalising the financial mechanism of the UNFCCC;
(3) Supporting the COP in the mobilisation of financial resources for climate financing;
(4) Supporting the COP in the measurement, reporting and verification of support provided to developing country Parties.

The Committee is also tasked to organise an annual forum on climate finance, provide the COP with draft guidance for the operating entities, provide expert input into the conduct of the periodic reviews of the financial mechanism and prepare a biennial assessment and overview of climate finance flows. Furthermore, the SCF is designed to improve the linkages and to promote coordination with climate finance related actors and initiatives both within and outside of the Convention. At the Paris Conference in 2015, Parties decided that the SCF shall also serve the Paris Agreement.

1.4. Forum on the impact of the implementation of response measures

All over the world, many measures are being taken to mitigate climate change by countries trying to meet their commitments under the Convention, the Kyoto Protocol and the Paris Agreement. According to the Convention, Parties have to take into consideration the specific needs and concerns of developing country Parties arising from the impacts of response measures, a call that is echoed similarly by the Paris Agreement. The Kyoto Protocol commits Parties to strive to minimise adverse economic, social and environmental impacts on other Parties, especially developing country Parties. In order to facilitate assessment and analyse such impacts, and with the view to recommending specific actions, the COP has established a Forum on the Impact of the Implementation of Response Measures[101] under the Convention, which also serves the Paris Agreement.

Eight areas of its work programme are:

1. Sharing of information and expertise, including reporting and promoting understanding of positive and negative impacts of response measures;
2. Cooperation on response strategies;
3. Assessment and analysis of impacts;
4. Exchanging experiences and discussion of opportunities for economic diversification and transformation;
5. Economic modeling and socio-economic trends;
6. Relevant aspects relating to the implementation of decisions 1/CP.10, 1/CP.13 and 1/CP.16 and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol;
7. Just transition of the workforce, and the creation of decent work and quality jobs; and
8. Building collective and individual learning towards a transition to a low greenhouse gas emitting society.

After a review of the work convened by Subsidiary Bodies in Bonn 2012 and in Warsaw 2013, the COP at its 21st session (Paris, 2015) decided to continue and improve the Forum on the Impact of the Implementation of Response Measures that will provide a platform allowing Parties to share, in an interactive manner, information, experiences, case studies, best practices and views, and to facilitate assessment and analysis of the impact of the implementation of response measures, with a view to recommending specific actions.

101 More on this Forum is at: https://unfccc.int/topics/mitigation/workstreams/response-measures/forum-on-the-impact-of-the-implementation-of-response-measures

1.5. Green Climate Fund (GCF)

The Green Climate Fund (GCF)[102] is one of the financial mechanisms under the UNFCCC. The GCF Board is charged with the governance and oversight of the Fund's management. GCF reports to the Conference of the Parties which provides guidance to GCF. The headquarters of GCF has been in Songdo, Incheon City, the Republic of Korea, since December 2013.

GCF Board is composed of 24 members with an equal number of members from developing and developed country Parties. Two Board members (one from developing countries and one from developed countries) co-chair the Board. They are elected by the Board members from within their membership to serve for a period of one year.

The Board of GCF generally holds three meetings per year, which are typically attended by more than 300 participants, including observers from civil society and private sector organisations, National Designated Authorities (NDAs), Accredited Entities and other partners who assist in delivering climate finance to developing countries. As part of its mandate, GCF Board approves specific operational policies and guidelines, including for programming, project cycle, administration, and financial management. In addition, the Board reviews and approves relevant frameworks, guidelines and standards related to GCF's operations, including environmental, social safeguards and Gender Action Plan, Indigenous Peoples Policy and accreditation process among others. Most decisions are adopted by the GCF Board during its regular meetings, with a few being adopted in between sessions. GCF Board meetings are streamed live. Video recordings of recent Board meetings are also made available on their website.

GCF allows observers to engage in its processes by being accredited. Moreover, GCF Board is mandated to grant Accredited Observers access to its meetings. There are four Active Observers able to participate in Board sessions — two representatives from accredited civil society organisations (CSOs), one each from developed and developing countries, and two from accredited private sector organisations (PSOs), also one each from developed and developing countries. These observers, known as Active Observers in Board proceedings, are identified through a self-selection process. Representation is for a term of two years, with a maximum of two consecutive terms.

Advocacy opportunities for CSOs to GCF include:

- Commenting on project proposals in written and oral interventions through the Active Observers;
- Commenting on policies in written and oral interventions through the Active Observers;
- Monitoring project implementation, monitoring and evaluation and communicating it through the Secretariat and/or events of dialogues with GCF Co-Chairs;

102 Information on GCF (structure, projects, procedures, etc.) can be seen on its website at: https://www.greenclimate.fund

- Participating in GEF events such as stakeholder dialogues, global programming and expert meetings;
- Making a formal complaint or grievance relating to GCF projects and operations, including concerns about possible corruption or fraud.

1.6. Global Environmental Facility (GEF)

The GEF has 184 member countries and is represented by 32 Constituencies (14 from developed countries, 16 from developing countries and two from economies in transition) on the GCF Council. The GCF Council meets twice annually, develops, adopts and evaluates the operational policies and programmes for GEF-financed activities. It also reviews and approves the work programme (e.g. projects submitted for approval), making decisions by consensus. Meanwhile, representatives of all member countries meet every four years during the GEF Assembly.

GEF works with 18 institutions that are called GEF Agencies that create project proposals and implement them on the ground. The 18 GEF Agencies are among others: ADB, WBG, UNDP, Conservation International, International Union for Conservation of Nature (IUCN) and WWF.

GEF is open for stakeholder engagement for the Public Involvement Policy, its Agency Minimum Standards on Environmental and Social Safeguards, Minimum Fiduciary Standards for GEF Partner Agencies, Policy on Gender Mainstreaming, Monitoring and Evaluation Policy and Principles and Guidelines for Engagement with Indigenous Peoples. A GEF CSO Network was established in 1995 as an independent global alliance of Civil Society Organisations working to address global environmental challenges in areas linked to the six GEF focal areas.

Advocacy opportunities to the GEF for CSOs include:

1. **Comment on project proposals**: interventions made through GEF Agencies for a particular project and/or the operational focal point at the government level. The GEF Project Identification Form (PIF) for each project, available in the GEF project database, also indicates the project contact person;
2. **Comment on policies**: GEF policy proposals are published in advance of GEF Council meetings on the Council documents webpage. Stakeholders can contribute by providing inputs, feedback, suggestions and recommendations through their regional CSO representative in the GEF CSO Network, through GEF Council Members or by directly sending their comments on the GEF website ongoing consultations tab;
3. **Support project implementation, monitoring and evaluation**: Civil society organisations play an important role in monitoring project and programme activities along with GEF Agencies and GEF Focal Points, as well as providing feedback as beneficiaries or as representatives of community groups, including through the GEF Independent Evaluation Office;
4. **Participate in GEF events:** GEF Council meetings are webcast live and their recordings are uploaded onto the GEF YouTube channel. Civil society stakeholders may also apply and be selected to attend these Council meetings. Also, the GEF Country Support Programme (CSP) provides opportunities for stakeholder engagement and learning about the GEF's work and activities, including through Expanded Constituency Workshops (ECWs);
5. **Making a formal complaint or grievance** relating to GEF projects and operations, including concerns about possible corruption or fraud.

1.7. Adaptation Fund (AF)[103]

The Adaptation Fund Board (AFB) is the governing body of AF, which was established in 2001 during COP 7 in Marrakesh and then launched officially in 2007, with a task to serve Parties under the Kyoto Protocol to finance projects and programmes in the developing countries. Its Secretariat is based in Washington DC, USA. The World Bank plays a role as AF's trustee. AFB meets at least twice a year. AFB is composed of 16 members and 16 alternates representing Parties to the Kyoto Protocol, led by a Chair and Vice Chair. The AFB allows observers from the UNFCCC admitted Parties and observer organisations to attend AFB meetings.

One of the venues for advocacy is the "Dialogue with Civil Society Organisations (CSOs)[104]" that was initiated by Adaptation Fund NGO Network (AF NGO Network) in 2014 and became a standing agenda item at Adaptation Fund Board meetings. The dialogue is hosted by AF NGO Network in coordination with AF Secretariat. During the CSO Dialogue, concrete recommendations and suggestions are conveyed to the Board members as well as feedback from national level on the Fund's processes and projects such as (re-) accreditation of Implementing Entities, the role of the Fund's Designated Authorities, project planning and implementation and sometimes CSOs project assessments and recommendations. Only members of the AF NGO Network can represent the Network during the Dialogue[105].

In February 2020, AF NGO Network released a briefing paper for a recommendation to the AF dubbed as 'Further strengthening civil society engagement in the work of the Adaptation Fund Board' that calls for: (1) The introduction of active observers; (2) Amendments to the AF's Open Information Policy; and (3) Adequate resourcing of the AF Secretariat to ensure transparency and effective CSO engagement.

2. National level

National Designated Authority (NDA) to GCF

National Designated Authority (NDA) is a government institution that serves as the interface between each country and GCF. Almost every developing country has an NDA or focal point to GCF. The NDA provides broad strategic oversight of the GCF's activities in the country and communicates the country's priorities for financing low-emission and climate-resilient development to the GCF.

Role of NDAs and focal points are:

a. Recommend to the Board funding proposals in the context of national climate change strategies and plans, including through consultation processes;
b. Facilitate the communication of nominations of entities to the Fund;
c. Seek to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies;

103 More on Adaptation Fund at: https://www.adaptation-fund.org

104 More on this CSO Dialogue is at: https://af-network.org/cso-dialogue

105 More about Adaptation Fund NGO Network is at: https://af-network.org/about-us

d. Implement the no-objection procedure; and (e) Act as the focal point for Fund communication.

Advocacy opportunities for CSOs to GCF (through NDA) include:

- Engage in the drafting of Country Programme Document;
- Push for national mechanism for stakeholder engagement for decisions regarding project proposals (preparation, approval and implementation) and nomination of accredited entities;
- Involve in public consultations hosted by the NDA;
- GCF project monitoring and evaluation, communicating the findings to NDA, GCF Secretariat, Board members and related Accredited Entity/Implementation Entity;
- Monitor other finance from GCF to NDA like the Readiness Fund and Project Preparation Facility to the Accredited/Implementing Entities.

3. Allies for advocacy

3.1. Women and Gender Constituency (WGC)

The Women and Gender Constituency (WGC)[106] is a feminist platform for observer organisations working to ensure women's rights and gender justice within UNFCCC. It provides a collaborative space to exchange information between its members and the UNFCCC Secretariat; ensures that meetings, workshops and conferences include the participation and representation of women's civil society and non-governmental organisations which would otherwise not be able to attend.

The WGC has been influential in advocating for the Lima work programme on gender and its gender action plan and related implementation frameworks on inclusion of gender equality and protection. To join the Women and Gender Constituency, the applicant has to obtain an observer status to the COP and meet the Constituency criteria. Membership of new CSOs and networks will be confirmed by the co-focal points of the WGC.

The current Co-Focal Points of WGC are: Bridget Burns of Women's Environment & Development Organization (WEDO) and Ndivile Mokoena of Gender CC- South Africa.

Women's Caucus

WGC set up an Advocacy team that is composed of those actively engaged in climate change policy and hosts a Women's Caucus with a respective mailing list. The Caucus is a space for all those interested in women's human rights and gender equality to network, share and collectively advocate. The Women's Caucus meetings are organised during the official meeting time for the Women and Gender Constituency at each COP meeting and inter-sessions of the UNFCCC.

106 More on Women and Gender Constituency (WGC) on its networks, advocacy works, resources, etc. is at: https://womengenderclimate.org

3.2. GCF CSOs Observers

CSOs can actively participate in GCF processes if they are accredited as GCF Observers[107]. GCF Board announces calls for observers on a regular basis and can be found on the GCF announcement page.

The CSO GCF Observer Working Group every two years selects their representatives as Active Observers, who can sit in the Board meeting room and convey the interventions.

The current CSO active observers are:

- Eileen Mairena Cunningham of Asociación Indígena Centro para la Autonomia y Desarollo de los Pueblos Indígenas (CADPI), Active Observer for CSOs - Developing countries constituency;
- Erika Lennon of Center for International Environmental Law (CIEL), Active Observer for CSOs - Developed countries constituency.

GCF CSOs observers usually meet 2-3 days prior to the GCF Board meetings mainly to prepare interventions to the Agenda items of the Board meeting, particularly related to policies, procedures and standards as well as accreditation and project proposals.

CSOs GCF Observers list-servers:

There are two list-serves that are used for information exchange, coordination for preparation to Board meetings and preparation of intervention to Board meetings:

- For the Southern CSOs only: south-south-on-gcf@googlegroups.com. Please contact Claire Miranda at clairemiranda08@gmail.com if you are interested to join this list-serve;
- CSOs from the North and South: gcf-cso-list@googlegroups.com . Please contact Karen Orenstein at KOrenstein@foe.org if you are interested in joining this list-serve.

GCF Watch

The GCF Watch is a Southern CSO-led initiative established to help promote and accelerate Southern CSO readiness to engage the GCF as its operations shift to national arenas, in all the multi-faceted roles taken up by civil society, e.g. as project or Fund stakeholders, Fund or project and programme monitors, participants considering to access the fund, or as providers of input to project planning, implementation or evaluation.

The GCF Watch aims to:

- Share information on GCF processes in different countries more effectively;
- Contribute to enabling local society keeping pace with national discussions;
- Track more regularly and efficiently in-country progress regarding GCF;
- Need for an information hub independent from GCF Secretariat; and
- Serve as one stop shop for GCF CSO information.

More on GCF Watch: https://www.gcfwatch.org/

107 More information on observers to GCF (accreditation, list of accredited observers, the Active Observers, etc.) at: https://www.greenclimate.fund/about/partners/observers

Glossary of Terms

Adaptation is a climate response that adjusts to actual or expected impacts of global warming and aims to help communities and ecosystems cope with the changing climate. Adaptation actions depend on the unique context of a community, business, organisation, country or region. It includes resilience measures such as building flood defence, setting up early warning systems for cyclones and switching to drought-resistant crops, redesigning communication systems, business operations and government policies.

Blended finance is financing that may be used by financial intermediaries to blend (mix, combine) with their own financial resources in order to mobilize private capital flows to emerging and frontier markets[108].

The Bretton Woods System was created in 1944 as an international basis for exchanging one currency to another, to replace gold with US Dollar as the fixed global currency standard that stabilises exchange rate, bridges imbalances of payments, rebuilds countries destroyed by war, and promotes development in poor countries.

Clean Development Mechanism (CDM) is a voluntary mechanism defined by the Kyoto Protocol to provide Certified Emission Reduction Units (CERs) for emissions reduction projects and may be traded in emissions trading schemes. This mechanism allows industrialised countries with a greenhouse gas reduction commitment to invest in emission reducing projects in developing countries as an alternative to what is generally considered more costly emission reductions in their own countries.

Carbon market is a platform to trade (selling and buying) Certified Emission Reduction Units (CERs) derived from CDM projects in the developing countries. Hence, the carbon market was set up to facilitate developed countries emission target reductions.

Country Ownership is a measure through which countries, through consultation with relevant national, local and community-level stakeholders, can demonstrate ownership of, and commitment to, efforts to mitigate and adapt to climate change.

Climate-smart agriculture (CSA) is an approach developed by FAO and World Bank "to guide actions needed to transform and reorient agricultural systems to effectively support development and ensure food security in a changing climate. CSA aims to tackle three main objectives: sustainably increasing agricultural productivity and incomes; adapting and building resilience to climate change; and reducing and/or removing greenhouse gas emissions, where possible". [109]

Cross-cutting of mitigation and adaptation activities are certain projects and programs that may both reduce the amount of greenhouse gas emissions and allow vulnerable communities and populations to adapt to climate change. For instance, a forest management project may provide the climate mitigation benefit of increasing a forest's carbon sink capacity, while providing surrounding communities with a more stable water supply and additional livelihoods.

Equity investment is an investment that confers whole or partial ownership in an enterprise and entitles the investor to share in the profits from its operation.

Fast start finance was a pledge by developed countries at COP 15 in Copenhagen in 2009 to provide a new and additional fund for mitigation and adaptation, including for forestry and investments in an amount of USD 30 billion for the period of 2010-2012.

Grant is the amount of money given to fund certain projects or activities. There is no obligation to repay a grant.

Guarantee is the assumption of responsibility for payment of a debt or performance of some obligation if the liable party fails to perform to expectations.

Joint Implementation (JI) is one of three mechanisms under the Kyoto Protocol besides emissions trading and CDM. JI is the cooperation of two developed countries that have both committed to an emission reduction target under the Kyoto Protocol.

International Emissions Trading (IET)
The UNFCCC created a new commodity, which is emissions. Actually, the emissions trading is not about the emissions itself, but more about the right to emit. So, it is a market based approach to control emissions. The Kyoto Protocol agreed to set a particular limit for emissions by a country as an emission reduction target over an agreed period (2008-2018 was set under the Kyoto Protocol). The target is also called 'assigned amount units' (AAUs). This target or the right to produce certain AAUs according to Kyoto Protocol in its Article 17, is allowed to be sold to other countries that already exceed their targets. Since carbon dioxide is the principal greenhouse gas, sometimes people simplify this trading as 'carbon trading'. Transfer and acquisition of those units are tracked and recorded through a registry system under the Kyoto Protocol.

Loan is a borrowed sum of money that is expected to be paid back with interest.

Market mechanisms apply economic principles to enhance the cost-effectiveness of mitigation actions. Economic instruments also help to channel flows of finance, technology and capacity-building support, particularly from developed to developing country Parties. These include the three mechanisms established under the Kyoto Protocol – the Clean Development Mechanism (CDM), joint implementation (JI) and international emissions trading (IET) – as well as approaches that Parties are elaborating independently or jointly. Currently the CDM, JI and IET make use of an international system for logging transactions of units, known as the international transaction log.

Mitigation is to reduce the release of GHGs emissions that are causing global warming by either reducing sources of the gases (e.g. burning of fossil fuels such as coal, oil and gas to provide energy for electricity, heat or transport) or enhancing the 'carbon sinks' that accumulate and store those gases. Carbon sinks are natural (oceans and forests) and artificial deposits (certain technologies and technical solutions) that absorb and capture carbon dioxide (CO_2) from the atmosphere and reduce its concentration in the air.

108 One example of blended finance is the GCF approved project in Shandong province, China. With the reason of limited public money, the China Clean Development Mechanism Fund Management Center requested USD 100 million from GCF that would accelerate (invite) other private finances to invest in mitigation and adaptation initiatives across several sectors in Shandong. It was expected that GCF finance would leverage co-financing 7.3 times. Source: https://www.greenclimate.fund/project/fp082

109 FAO, Climate smart agriculture, at: http://www.fao.org/climate-smart-agriculture/en/

Nationally Determined Contributions (NDCs) represent the contribution of each country as a party to the Paris Agreement towards meeting the objective of the Paris Agreement. NDCs should, in aggregate, set the world on a trajectory towards peaking of global emissions as soon as possible and rapid reductions thereafter towards a balance of emissions and removals. Each country through its NDCs should specify its plans to reduce its emissions and adapt to climate change.

The Paris Agreement requires each country to prepare, communicate and maintain successive NDCs that it intends to achieve, and to pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions. Further, the Paris Agreement expects developed countries to lead by undertaking economy-wide absolute emission reduction targets and encourages developing country Parties to move towards such targets over time in recognition of the sustainable development of developing countries.

Paris Agreement is the first-ever binding agreement on climate change adopted at COP 21 in Paris 2015. The Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below two degrees Celsius and pursuing efforts to limit it to 1.5 degrees Celsius. It also aims to strengthen countries' ability to deal with the impacts of climate change and support them in their efforts. The Paris Agreement is signed by 196 countries and ratified by 183 countries plus the European Union (in 2019).

Project categorisation is a screening to confirm the environmental and social risk category, and then to determine which requirements are applied for a project proposal. The GCF's project categorisation is:

(1) Category A. Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
(2) Category B. Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures;
(3) Category C. Activities with minimal or no adverse environmental and/or social risks and/or impacts.

Reducing Emissions from Deforestation and Forest Degradation (REDD) was requested for the first time at COP 11 in Costa Rica in 2005 by Costa Rica and Papua New Guinea to consider reducing emissions from deforestation and forest degradation in natural forests as a mitigation measure. In 2007, at COP 13 in Bali the REDD was expanded to include sustainable management of forests, conservation of forest carbon stock and enhancement of forest carbon stock. The Warsaw Framework on REDD+ adopted at COP 17 in Warsaw 2013 replaced the term of REDD to 'REDD -Plus' (REDD +).

Many concerns are raised against REDD+ particularly on monitoring reduced emissions and the removal of greenhouse gases on a large scale across a number of countries each with separate environmental agencies and laws; the conflict between the REDD+ approach and existing national development strategies; the lack of participation of forest communities and indigenous peoples in the design and maintenance of REDD+; the program's funding; and the consistent monitoring of said funding to ensure equitable distribution across program members. Another crucial issue is that the UNFCCC does not define what constitutes a forest; it only requires that Parties communicate to the UNFCCC on how they define a forest. Hence, REDD+ could trigger logging operations in primary forests, displacement of local populations for 'conservation', and increase monoculture tree plantations (green deserts).

Result-based Payment (specifically for REDD+) where results are defined in advance and funding is only released upon the achievement of these results that are verified independently.

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