

Climate Finance Accountability Synthesis Report: Executive Summary

By Cathy Shutt



The International Budget Partnership's (IBP) climate finance accountability (CFA) project supported four civil society implementing partners to deepen their understanding of, navigate and strengthen the CFA ecosystems in Indonesia, Nepal and Bangladesh. Through this effort, implementers were able to experiment with different approaches to address and overcome challenges in public finance accountability ecosystems relating to climate change.

Climate change is one of the greatest challenges facing the world today. Significant amounts of finance are and will be required to enable governments around the globe to support adaptation and mitigation efforts. There is growing interest among government, civil society, the private sector and international actors on how to mobilise finance, from both international and national sources, to address the climate crisis.¹ Climate finance creates opportunities to mitigate the worst effects of climate change on poor and marginalised groups. Whether it will do so or not depends on the strength of public finance accountability ecosystems through which funds – both domestic and from international donors – are allocated and executed to deliver climate-adapted local development. In this paper, we will use the term “CFA ecosystem” to refer to the public finance accountability ecosystem, but with particular attention to climate-specific funding for inputs and development outcomes related to climate change adaptation.

This report synthesises lessons learned from a two-year pilot project supported by the Swedish Postcode Foundation and implemented in Bangladesh, Nepal, and Indonesia by ActionAid Bangladesh (AAB), Forest Resource Studies and Action Team (ForestAction) Nepal, the Indonesian Traditional Union of Fisherfolk (KNTI) and the National Center for Indonesia Leadership (INISIATIF) with support from the International Budget Partnership (IBP). Launched in 2019, the project set out to explore:

1. How CFA ecosystems function
2. The strategies and roles of various actors within them – including civil society – to strengthen and engage in the systems to ensure that resources reach marginalised communities.

The report synthesises lessons from this project on what needs to be done to ensure that climate finance is used responsively and accountably to mitigate the worst effects of climate change on poor and marginalised groups. The purpose of this study, conducted by the TAP Room, was to draw out insights and learning from the project to deepen knowledge of CFA ecosystems for the organisations involved and the broader field. The research team conducted a desk review of relevant project documents, interviews with IBP staff, and interviews and focus groups with the implementing civil society organizations (CSOs) in Bangladesh, Nepal, and Indonesia. However, the study is not intended to evaluate IBP's contribution to, nor the final outcomes of, of the CSO efforts.

CFA ecosystems are comprised of formal and informal components:

Formal components are institutionalized transparency, participation and accountability procedures that enable citizens and other accountability-seeking actors to influence budgets and access information relating to funds that are allocated and spent on climate change projects.

Informal components of CFA ecosystems, on the other hand, can be defined in terms of norms and power relationships between state actors, citizens, media, private sector actors and diverse citizen groups with varied capacities and opportunities to influence whether, how and for whom accountability is realized.

¹ United Nations Framework Convention on Climate Change. (2022). Introduction to Climate Finance: <https://unfccc.int/topics/climate-finance/the-big-picture/introduction-to-climate-finance>

Key Insights and Lessons

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The CFA ecosystem framing for the project provided the flexibility CSO implementers needed to learn about, navigate and begin to 'join up dots' relating to an issue on which they had little prior experience. The learning and adaptive approach, supported by IBP, enabled politically savvy partners, experienced working on climate change-related issues, to deepen their understanding of the gaps and blockages in public finance accountability ecosystems. It also provided opportunities for them to experiment with approaches to navigating and overcoming them.

Understanding and defining climate finance accountability ecosystems

Insights generated by implementing CSOs in Bangladesh, Indonesia and Nepal illustrate the complexity of public finance accountability ecosystems and the gaps and blockages encountered when trying to ensure that the climate change adaptation and mitigation needs of vulnerable populations are met.

Addressing the impacts of climate change will require much more than mobilising vast amounts of international and domestic finance to implement top-down development plans. Strengthening formal and technical components of CFA ecosystems by using sophisticated computerised accounting systems that enable the tracking of funds dedicated for climate finance may help. However, CSO learning indicates that such measures are unlikely to be sufficient on their own. The experiences of the implementing CSOs highlight that there is potential to improve clarity around the boundaries of climate finance systems and to more clearly identify the actors within them.

Regardless of this complexity, pilot results provide insights on how actors can begin to understand the system and engage with it more effectively.

The absence of clearly defined systems and roles and responsibilities around climate finance means that citizens and vulnerable groups must engage a range of government actors who often have limited capacity and incentives to respond to their accountability demands. Insights from AAB, ForestAction Nepal, KNTI, and INISIATIF indicate that this presents both challenges and opportunities, including moving towards vertically integrated accountability approaches that use evidence from local-level experience of climate finance governance to inform national policies and priorities.

Navigating CFA ecosystems

In each setting, CSOs chose similar strategies and tactics that reflected their tacit knowledge and assumptions on what was most likely to work within the political economies of their subnational public finance accountability ecosystems as well as the short-term projects affected by the impacts of COVID-19.

All four CSOs sought to generate evidence on citizens' experiences of CFA and engage actors at different levels with their findings. AAB, ForestAction Nepal, KNTI, and INISIATIF all pursued collaborative multi-stakeholder approaches, aiming to leverage incentives and/or relationships in efforts to access government information as well as in approaches to combining citizen and government evidence to make accountability demands. Additionally, they sought to engage the media and take approaches that would benefit poor and marginalised people.

Collaborative approaches worked to an extent, however differences in political contexts, CSO capacity and the nature of their influence led to varying results across the three countries.

In Indonesia, KNTI and INISIATIF arguably made the most progress because KNTI's large membership conferred it the influence needed to leverage opportune political incentives. In Nepal, ForestAction's experience working with marginalised groups led to a sophisticated and fairly successful approach to engaging with citizens.

Strengthening the public finance accountability ecosystem

Projects enhanced the capacities of and relationships between CSOs and other local actors, leading to initial government responses, yet these will be impossible to sustain and deepen in the absence of additional funding.

One of the main aims of an ecosystem approach is to encourage change agents to reflect on how they can strengthen accountability ecosystems by learning and developing their own capacity to apply lessons from work at one level or location strategically at other levels. This project demonstrated the potential of this approach. In all three countries, the CSOs are more confident about working on projects related to climate finance. Such assurance, particularly in Nepal and Indonesia, is partly due to securing promising responses from government actors that might have a bearing on climate change outcomes. Securing more sustained responsiveness will require continued engagement by, and support for, civic actors.

Gender inclusion and intersectionality need to be prominent in work to strengthen climate finance and other components of public finance accountability systems.

The CSOs involved in this project concur that enabling women and marginalised groups to benefit from climate finance outcomes is the end goal. They identified several tactics, which included paying attention to language, creating dedicated spaces for women and marginalised groups to exercise leadership, and trying to address gender norms that constrain women's mobility and ability to participate and interact with men. Such tactics will require, at the outset, developing an understanding of the local context and conditions under which women can exercise a collective voice and express their needs.

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Importantly, experiences in Nepal highlight the need to link women to other intermediaries, actors and networks so they have support to counter pressure from local elites. In other words, there may be potential to leverage an understanding of informal norms and practices to influence consciousness and formal rules and practices.

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However, it is not sufficient to focus only on efforts to address individual consciousness and to advocate for the adoption and implementation of formal laws and institutions that enable the representation of women and marginalised groups in budget oversight processes. Rather, empowering women and marginalised groups to raise issues, be heard and access meaningful responses means supporting them to engage in tactics that shift perceptions and behaviours towards them. Importantly, such tactics must also increase access to resources and material benefits that at least match the opportunity costs that women and marginalised groups bear as a result of their participation.

Recommendations

There are a number of recommendations that emerge from this study for a range of stakeholders who aim to ensure that climate finance is used responsively and accountably to mitigate the worst effects of climate change on poor and marginalised groups. Accordingly, recommendations were formulated for national and local CSOs, donors, and international development actors.

National and local CSOs should:

- Develop action research proposals to deepen understanding of the blockages and gaps in different parts of public finance ecosystems concerned with climate finance while seeking to extend the range of actors working on the issue through longer-term, multi-level strategies.
- Ensure that future efforts to strengthen CFA ecosystems build on lessons from this project as well as recent evidence reviews on gender, inclusion and intersectionality. Findings from this pilot suggest that CSOs need to continue to deepen their analysis of factors that influence whether and how women and marginalised groups are willing and able to participate meaningfully and raise their concerns or lead activities in different formal and informal spaces.

Donors and international development actors should:

- Make sure that donor-funded climate change programs include components for strengthening the CFA ecosystem. Incorporating components that support CSOs to 'audit' finance and outcomes at the local level could provide opportunities to ensure that donor climate finance supports those most vulnerable to climate change.
- Provide long-term funding for multi-stakeholder coalitions to develop their capacity to engage with the full complexity of public finance system components that influence CFA. This is likely to involve working across sectors and engaging a wide range of actors at different levels and in different government ministries.
- Ensure that long-term funding for CFA emphasises intersectional approaches to work on gender and inclusion.

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