Weaknesses of Existing sources and channels of Finance in Delivering Actions on Climate Change

CANSA workshop on climate finance, August 19th 2013

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I. Weaknesses in current sources of climate finance

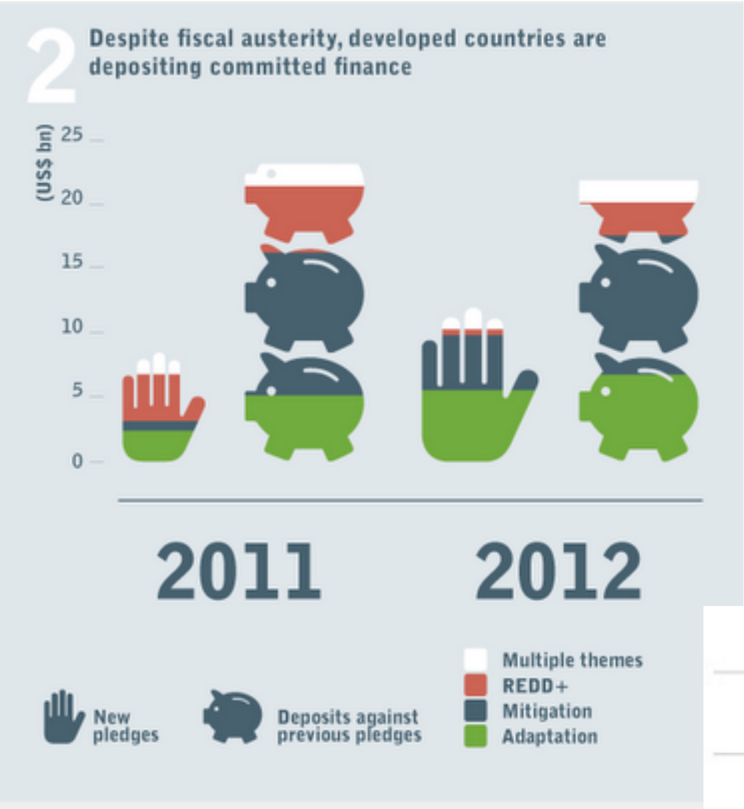
Principles that should guide mobilization of climate finance

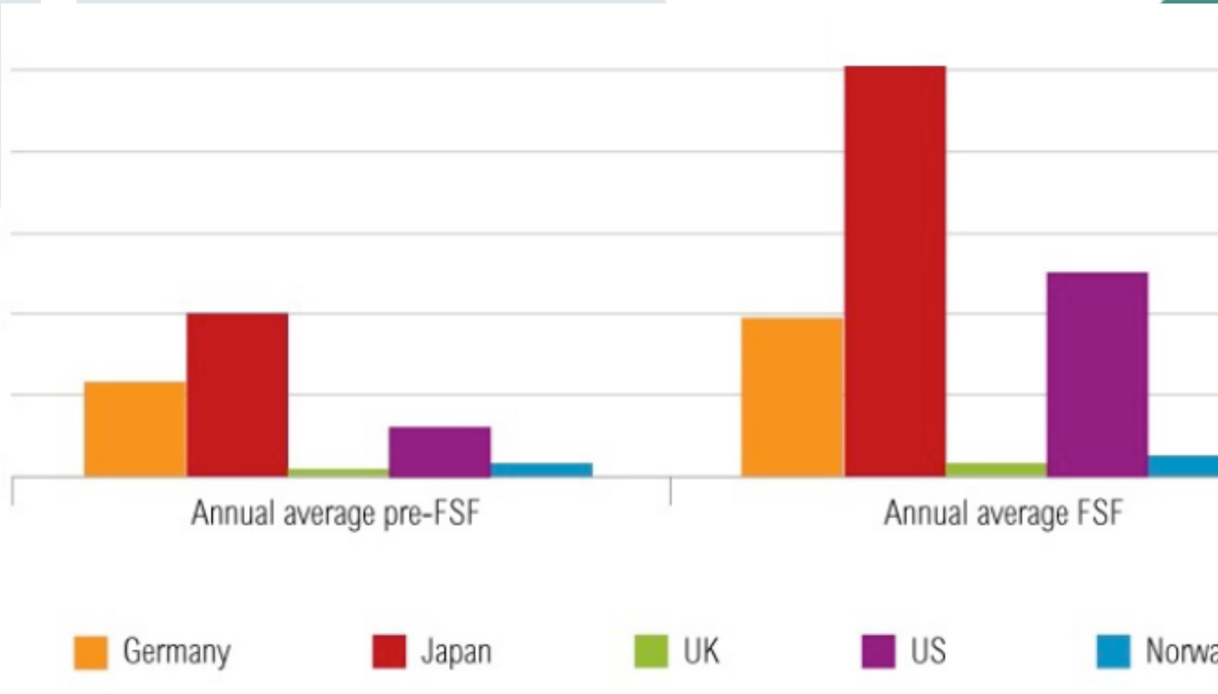
Principle	What does it mean?
Transparency and accountability	-Financial contributions by individual countries and international organizations and agencies as well as their composition and sources are disclosed publicly and timely
Predictable	Funding is known and secure over a multi-year, medium-term funding cycle (5-10 years)
New and additional:	Funds provided are more than existing national ODA commitments and are not counted towards fulfilment of existing national ODA commitments
Adequate and precautionary	Amount of funding is sufficient to deal with the task of maintaining global temperature rise below 2 degrees centigrade
Polluter Pays	Financial contributions are relative to quantity of (historic) emissions produced
Respective Capability	Financial contributions are correlated with (existing) national wealth and (future) development needs

A tough reality check…

The principle	Reality check
Predictable and transparent	• NO. Dependent on political will and financial health of donor countries • NO. Not automatic • NO clear and common accounting rules/definitions. • YES. Contributions are most often public information, disclosed when it comes to dedicated multilateral channels
New and additional	• NO. So far, alot of relabeling of existing projects and double-counting of existing ODA money. • NO. And counting towards ODA
Adequate and precautionary	• NO. Still donor-driven too often, and not aligned with national priorities • NO. Insufficient to address adaptation needs and 2°C target
Polluters Pay Principle	• NO. Historical emitters are responsible for climate finance but their contributions are not aligned with their historical responsibility or based on level of pollution
Respective capabilities	• NO. Donor contributions are currently not allocated based on respective capabilities of donor countries. There is no burden-sharing key.

More money but still not enough





Accounting issues

Table 1 | What Countries Count Towards FSF

	Germany	Japan	Norway	UK	US
ODA	yes	Yes	yes	yes	yes
Export credit and non-concessional development finance	no	yes	no	no	yes
Leveraged private finance	no	Yes	no	no	no

Insufficient Adaptation finance, focus on mitigation

Figure 1: Funds primarily supporting adaptation

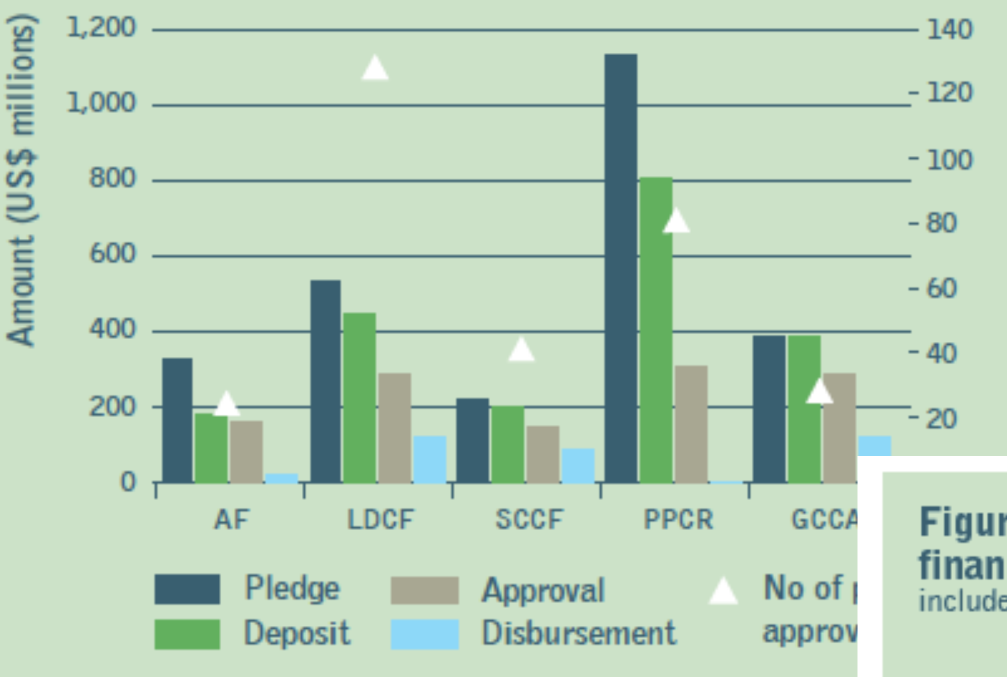
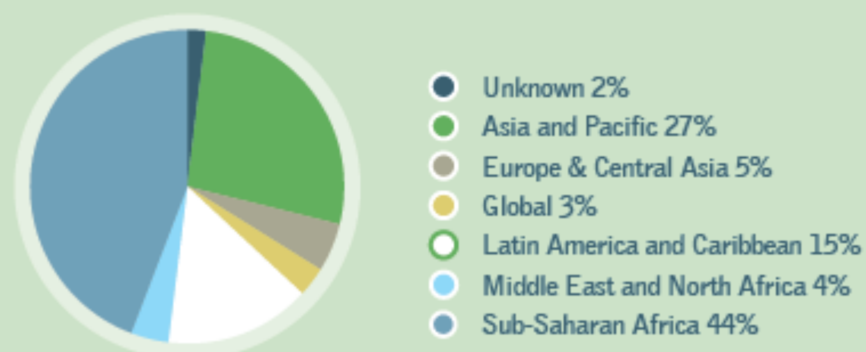


Figure 3: Regional distribution of adaptation finance (excludes contributions to multiple countries but includes regional projects)



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Unpredictable pledges and different accounting rules

Country	Amount	Details
France	2 billion euros/year between 2013 and 2015 through bilateral channels for energy transition.	The 2 billion dollar commitment represents the existing AFD energy budget that will be shifted and dedicated to energy transition in developing countries.
UK	£1,8 bn over 2013-2014	This is seen as an increase compared to £1,5 milliards over 2010-2012. 50% for adaptation
Norway	US$ 500 million for REDD + US$ 355 million for EE and RE	The share of finance going to REDD+ represents a 15% increase compared to 2012 volumes.
Denmark	US$ 88 millions for 2013	This is seen as a continuation of 2012 financing
Sweden	US$ 400 millions for 2013 + US$ 1,2 bn of climate ODA	The 400 million share for 2013 amounts to 50% less than 2012 volumes.
Finland	US$ 64 million + 500 000€ for running costs of the GCF	This is a decrease compared to 2012 levels. Out of the 64 million, only 37 millions are additional to « climate » ODA (defined according to Rio markers).
Germany	€1,8 billion euros (=US$ 2,4 milliards) in 2013	This is 0.4 more than the €1,4 bn pledged in 2012. It includes money coming from national fund replenished with ETS revenue

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Testing the principles on the UNFCCC LDCF and SCCF

The principle	Reality check
Predictable **Transparent** **Accountable**	• YES. The funding is transparent/accountable to the COP • NO. the funding is unreliable because voluntary = dependent on political will and donor countries.
New and additional	• YES. The money is new and easy to track • NO, it's not additional. Voluntary pledges are counting towards ODA
Adequate and precautionary **Polluters Pay principle**	• NO. Insufficient to address needs of developing countries. Require another 900 million just to implement existing NAPAs designed more than a decade ago. • Does not apply the PPP

Testing the principles on the UNFCCC Adaptation Fund

The principle	Reality check
Predictable **Transparent** **Accountable**	• YES. The funding is transparent and accountable to the COP • NO. Share of proceed from the sale of CERs has decreased because the carbon markets are flawed and unreliable • NO. The rest is voluntary = dependent on political will.
New and additional	• YES. The money is new and easy to track • NO. But voluntary pledges are counting towards ODA
Adequate and precautionary	• NO. Insufficient to address needs of developing countries. 180 million dollars spent so far. • Does not apply the PPP

Testing the principles on the World Bank PPCR

The principle	Reality check
Predictable **Transparent** **Accountable**	• YES and NO. The funding is transparent/ accountable to donors • YES and NO. It is predictable over a few years. One billion pledged from the beginning • But unpredictable in the longer run – sunset clause?
New and additional	• The money is new • But voluntary pledges and are counting towards ODA
Adequate and precautionary **Polluters Pay**	• Inadequate because targeting a handful of countries only. • Still insufficient • And includes loans! • Does not apply the PPP

Testing the principles on the Bangladesh CC Trust Fund

The principle	Reality check
Predictable transparent Accountable	• YES. The funding is transparent/accountable because channeled from the public budget to a dedicated fund • YES. The Bangladeshi Trust Fund is more predictable because based on national funding and committed over a given period of time. • NO. Not entirely predictable/reliable as it relies on vote of the national budget by the parliament.
New and additional	• YES. The money is new and additional to international donor contributions (which are increasing and not decreasing within the country)
Adequate and precautionary Polluters Pay	• YES. Increases adequacy of climate finance in Bangladesh since it creates a new and additional source of finance. • NO. Not respectful of the PPP since historical emitters should be paying up

Perspectives to improve predictability, additionality and adequacy?

We need resources to be…

- Public but not dependent on domestic political and economical health
- New and Additional to ODA.
- Win-win wherever possible
- Accountable
- Automatic/reliable (not based on flawed markets or else, bundled with commitments by donor countries to make up for uneven revenue flows from one year to the next.
- Equitable
- Scaled up.

Our options are…

- Pressuring donor countries into increasing Funds and creating automatic revenue streams: levies, taxes, etc. IAPAL?
- Creating domestic and predictable taxes like the Brazilian tax on fossil fuel production to replenish the National Climate Fund.

Testing the principles on the IAPAL proposal

The principle	Reality check
Predictable **Transparent** **Accountable**	• YES, could be predictable if decided for a number of year (5 to 10?) • YES, it is transparent – either directly channeled to an international fund or through national budgets. • YES. Accountable through finance bills or international Fund track records.
New and additional	• YES. New and additional as it does not exist. • And could be easily tracked based on passenger flows.
Adequate and precautionary **Polluter Pay Principle**	• YES. Would increase adequacy of adaptation finance and raise around 10 billion if applied to A1 countries. • YES – comes closer to the PPP as the sector is currently virtually exempt from taxation of kerosene. Could evolve in a carbon tax

Testing the principles on the Brazilian National Fund on Climate Change

The principle	Reality check
Predictable **Transparent** **Accountable**	• YES. The funding is transparent and accountable (fiscal policy framework) • YES. It is predictable because based on a domestic and automatic revenue stream (a tax)
New and additional	• YES. The money is new and additional to international donor contributions (which are increasing and not decreasing)
Adequate and precautionary **Polluter Pay Principle**	• YES. Increases adequacy of climate finance in Brazil since it creates a new and additional source of finance • YES. it is a tax on fossil fuel production – based on polluters-pay principle.

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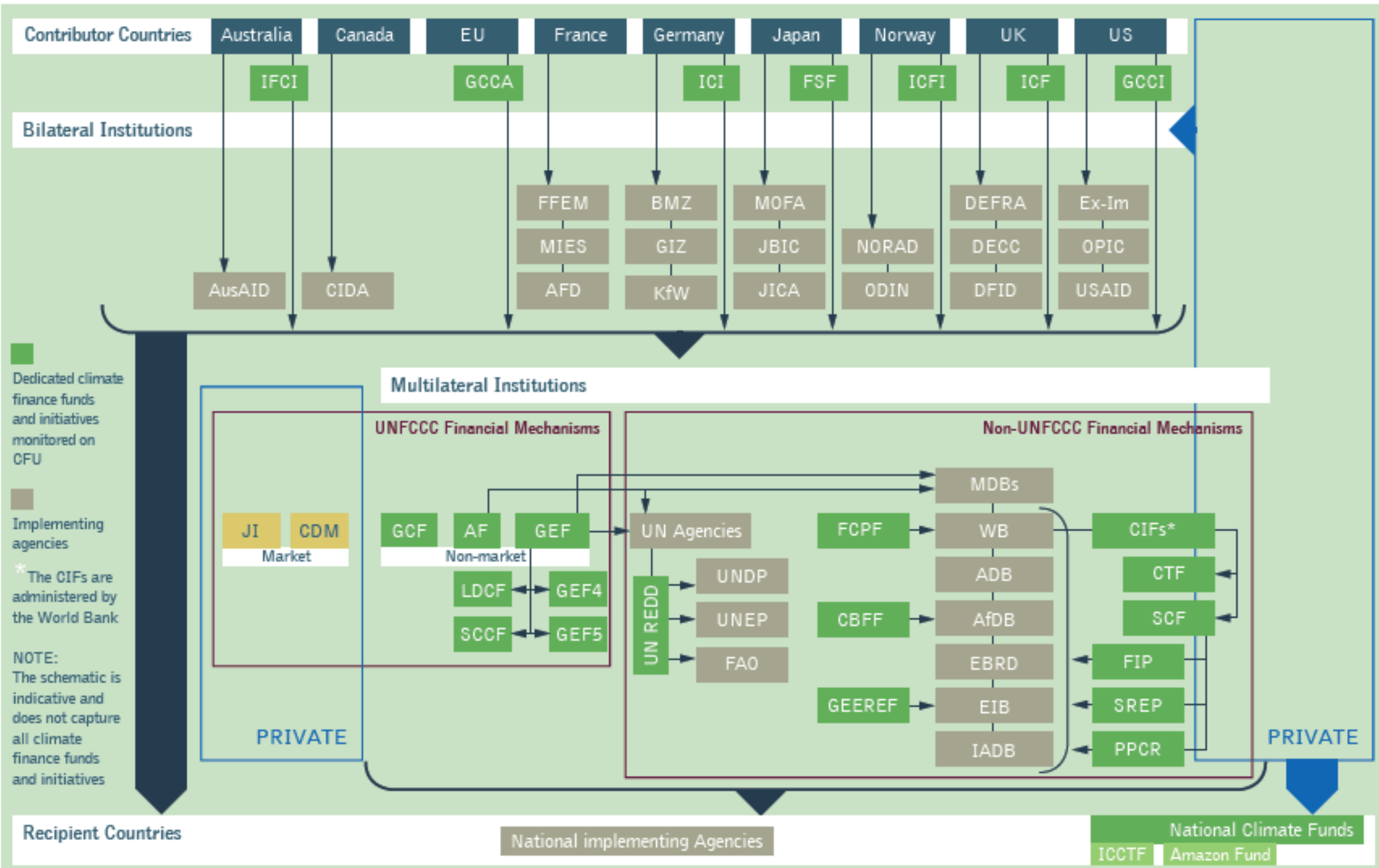
II. Weaknesses and challenges in existing climate Funds/channels

Principles vs reality check

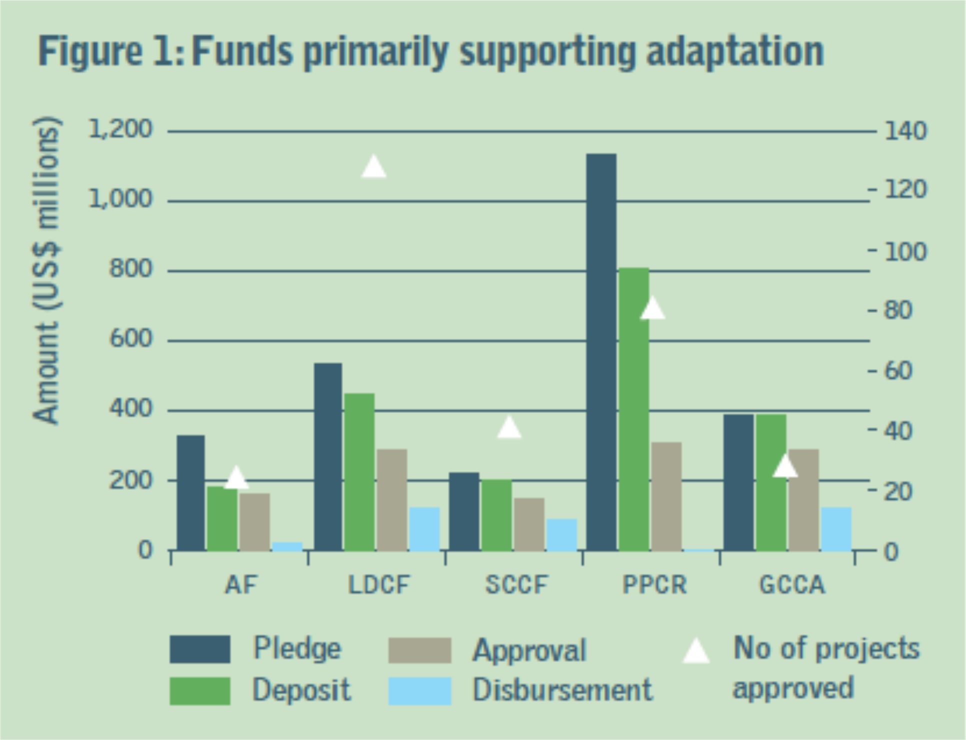
Principles	Reality Check
In line with/based on national priorities and goals (country ownership)	YES. More and more aligned with national priorities NO. But in some countries, national priorities get « help » from donors.
Direct access to the funds and allocation decisions (country ownership)	Only the Adaptation Fund has effectively implemented direct access (only for spending). Many implementing agencies with high transaction costs
Consistent and coordinated with other channels of finance	The landscape is fragmented and donors little coordinated (see graph)
Transparency and accountability	Accountability systems – in practise less accountable than in principle. Little accountability to observers (even the processes formally exist).
Balanced representation and power in decision-making	All funds are donor-driven. The Adaptation Fund is the only one with « innovative » governance and it has been an issue for donors
Capacity to mobilize resources	Capacity limited by donor contributions. Capacity to leverage private investments in the WB Funds and bilateral initiatives.
Capacity to disburse resources	A challenge even for the biggest funds. Complex procedures. Often require implementing agencies (see graph)
Appropriateness of funding (insturments; allocation)	NO. Inadequate scale of funding vs. needs. NO. Some adaptation funding disbursed as loans YES. Allocation most often prioritizes the most vulnerable NO. too often restricted to a roject-based approach that cannot have transformative impact.

Principle	What it means
Transparency and Accountability	Disclosure of funding decisions according to publicly disclosed funding criteria and guidelines; duty to monitor and evaluate implementation of funding; existence of a redress mechanism or process
Subsidiarity and National/Local Ownership	Funding decisions to be made at the lowest possible and appropriate political and institutional level
Precaution and Timeliness	Absence of scientific certainty should not delay swift and immediate disbursement of funding when required
Appropriateness	The funding modality should not impose an additional burden or injustice on the recipient country
Do No Harm	Climate finance investment decisions should not imperil long-term sustainable development objectives of a country or violate basic human rights
Direct Access and Vulnerability Focus	Financing, technology and capacity building to be made available to the most vulnerable countries internationally and population groups within countries as directly as possible (eliminating intermediary agencies where not needed)
Gender Equality	Funding decisions and disbursement take into account the gender-differentiated capacities and needs of men and women through a dual gender-mainstreaming and women empowerment focus

The climate finance landscape is fragmented



Disbursement is slow



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Country ownership is slow improving

- The GEF is in the process of accrediting national and non-governmental entities
- The AF has so far accredited around 15 national implementing entities
- The GCF is looking to « enhance direct access ».

Adaptation Fund

Principles	Reality Check
In line with national goal	• YES. Disbursement based on project proposals submitted by recipient countries.
Direct access to the funds and allocation decisions (country ownership)	• YES. Since its operationalization, **the AF has successfully operationalised direct access; accredited 27 implementing entities, of which 15 national entities**, But fiduciary requirements are very high and few NIEs are able to apply for direct access without support
Consistent with others	• Other Funds coordinate with the Adaptation fund
Transparency and accountability Balanced representation and power in decision-making	• YES. Accountability to the COP. i.e. 193 countries • **YES. AF Board made up of 1 SIDS, one LDC, 2 A1, 2 NA1 + 2 representatives for each of the UN regions.** • YES and NO. AF observers not allowed to speak up. But in 2011, CSOs allowed to comment on 5 project proposals
Capacity to mobilize/ disburse resources	• LOW TO MEDIUM. Capacity limited to CER share of proceed + voluntary pledges. • YES AND NO. approved 28 concrete adaptation projects and programmes in vulnerable developing countries. • YES and NO. Close to 100% of the money deposited has been approved for projects. But only about 10% has been effectively disbursed; • NO. Currently, 8 already approved projects from MIEs are queuing in a pipeline and awaiting funding.
Appropriateness of funding (insturments; allocation)	• NO. Scale of the Funds is inadequate to ensure effective support. • **YES. Grants-based funding for adaptation** • YES. LDCs prioritized and country allocation based on vulnerability first and Projects prioritized if they have cross-sectoral benefits and regional impact

The LDCF

Principles	Reality Check
In line with national aims	• YES. **Projects based on NAPAs**
Direct access to the funds and allocation decisions	• NO. Multilateral implementing entities and GEF • **NO. Recipients have no control over decisions or sources (except on which GEF agency to work with)** • NO. Lack of capacity within countries to effectively own the project implementation
Consistent with others	• Aligned with AF
Transparency and accountability **Balanced representation and power in decision-making**	• YES. Accountability to the COP. i.e. 193 countries • YES. **The Council = 14 members from donor constituencies + 18 from recipient constituencies and makes decisions by consensus.**
Capacity to mobilize/disburse resources	• MEDIUM. Capacity limited to voluntary pledges but LDCF represent close to 800 million dollars. • **NO. complex project approval and disbursement procedures –** difficult to access. But a number of tools have been developed to help countries access LDCF/SCCF funding (regional workshops and a step by step guide + Finance is available for project preparation.
Appropriateness of funding (insturments; allocation)	• NO. Scale of the Funds is inadequate to ensure effective support. The costs of climate change adaptation were under estimated by the NAPA processes. • **NO. LDCF is project or sector-focused and not cross-sectoral or transformative** • YES. Grants only

The SCCF

Principles	Reality Check
In line with/based on national priorities	• YES. Projects are intended to be nationally-owned (based on TNAs for the technology window) • **NO. Not as strong a focus on ownership as with the LDCF.**
Direct access to the funds and allocation decisions	• NO. Multilateral implementing entities and GEF • NO. Recipients have no control over decisions or sources (except on which GEF agency to work with)
Consistent with others	• Aligned with AF
Transparency and accountability **Balanced representation and power in decision-making**	• YES. Accountability to the COP. i.e. 193 countries • YES. The Council = 14 members from donor constituencies + 18 from recipient constituencies and makes decisions by consensus. • **Stakeholder engagement and gender considerations in the development of projects is recognised as important.** The GEF NGO Council can also engage on the SCCF. • Joint independent evaluation of SCCF and LDCF in 2011.
Capacity to mobilize/disburse resources	• LOW. 240 million dollars pledged. **BUT leveraged co-financing up to 1.25 billion dollars from other donors.** • YES. Close to all resources approved for projects.
Appropriateness of funding (insturments; allocation)	• YES. Adaptation and technology transfer • NO. Scale of the Funds is inadequate to ensure effective support. • YES. Grant money • **YES. Geographically-balanced allocation**

The World Bank PPCR

Principles	Reality Check
In line with/based on national priorities and goals (country ownership)	**YES and NO. Recipient countries and relevant MDBs jointly prepare proposals for PPCR funding**. Depends on the country's political power PPCR pilot programs are intended to be country led, build on NAPAs and other strategies, and strategically align with the AF and other donor funded activities.
Direct access to the funds and allocation decisions (country ownership)	NO. The WB Group, the ADB, the Asian DB, the EDB, and the IADB are the implementing agencies for PPCR investments. Country access requires Existence of active multilateral development bank (MDB) country programs
Consistent and coordinated with other channels of finance	YES and NO. The PPCR has been controversial as it establishes a parallel framework for delivering adaptation finance. But subcommittee to ensure PPCR complements GEF and UN Funds
Transparency and accountability **Balanced representation and power in decision-making**	YES. Balanced oversight committee **NO. At country-level, decisions mostly made by PPCR staff** YES and NO. 9 active observers, including 2 from the PS. But NGOs not involved effectively at national level
Capacity to mobilize/disburse resources	**YES.Biggest « adaptation » (resilience and climate risks) Fund** **YES. USD 800 million in approved projects in 2012**
Appropriateness of funding (insturments; allocation)	**NO. Offers developing countries (concessional) loans for adaptation which adds to developing country debt and is inconsistent with PPP** NO. Selected pilot countries. Not open to all developing countries NOT ALWAYS in line with needs of vulnerable communities

Lessons learnt and perspectives

- There is some progress under way to increase country ownership – GEF currently developing direct access
- But international Funds still raise a number of issues
  - Transaction costs are high
  - Donors still get to pick and choose
  - Donors don't always coordinate and may compete over the same projects – the safest, most visible, and media attractive. What about the other projects?
  - Little stakeholder and government involvement when planning and implementing the projects
  - What counts is the money disbursed not received
  - Governments and stakeholders are not sufficiently involved
- Direct access remains a limited solution to country ownership.
- it's crucial to enhance national governance and coordination through national mechanisms to channel the money and mobilize other resources.

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Shifting to country-driven funds…

National climate funds: challenges and opportunities

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Principles that should guide national climate funds

Principle	What it means/ what is the challenge
Fiduciary and legal capacity	Trustee with International standards for book-keeping Linked to national regulatory framework
Capacity to channel/mobilize/ disburse resources	Capacity to attract international funding, channel existing funding within the country,(create domestic revenue streams), and deliver the money on the ground
Capacity to coordinate/manage use of funds, approve and monitor projects	Capacity to run a Fund, approve and monitor projects, to coordinate with other ministries
Transparent and balanced governance system	Decision-making structure that is representative of relevant ministries, that is independent of political battles at play, that is transparent in its decision-making and open to CSOs.
Transparency and accountability to donors, recipients and observers	Documents regarding decisions, funding mobilization/disbursement and projects are made available to the public
Multi-stakeholder involvement	in planning, selecting and implementing of the Fund and projects
Easy access to the funding	Access to funding by national and local stakeholders (local governments, CSOs).
Appropriateness	In line with national planning Adequate financial instruments

« Centre de Suivi Ecologique » in Senegal

Principle	What it means
Fiduciary and legal capacity	• **YES. Non-State body Subordinate to the MoE -** spefically chosen as NIE for this reason – to avoid conflicts of interest in managing adaptation finance • Capacity to follow Adaptation Fund fiduciary standards for book-keeping • **YES. Revised procedures and policies to include safeguards on corruption**
Capacity to channel/ mobilize/disburse resources	• YES. Capacity to receive funds from the UNDP, the private sector and the AF • **YES. Since it has become an NIE, AF has approved more than 8 million $ in funding**. More than half has been disbursed • YES. Has since attracted new donors
Capacity to coordinate/ manage use of funds,	• YES. Project management infrastructure in place + Experience with relatively large projects (more than 1 million $)
Transparent and balanced governance system	• Decision-making structure that is representative of relevant ministries, that is independent of political battles at play, that is transparent in its decision-making and open to CSOs.
Transparency and accountability	• Transparent management system • Accountable to the AF, the Senegalese gvt and stakeholders involved in the project
Multi-stakeholder involvement	• Early inclusion of CSO as a success factor: stakeholder consultations all down the coast targeted by the project + Steering committees at project, regional and national levels with stakeholders
Easy access to the funding	• Access to funding by national and local stakeholders (local governments, CSOs).
Appropriateness	• In line with national planning on coastal erosion • Grants-based

Bangladesh national BCCTrust Fund

Principle	What it means
Fiduciary and legal capacity	• **legal mandate via the Climate Change Trust Act passed in Parliament in 2010** • Nationally-managed trust Fund
Capacity to channel/ mobilize/disburse resources	• **The Trust Fund as been allocated 300 million over 2009-2012**, of which 66 % will be spent on the implementation of the BCCSAP • In 2010-2011: US$ 132 million (66 per cent) is available for use on projects and programmes. Of this amount, US$ 95.36 million has been allocated for 58 projects • Efforts to fundraise with donor countries
Institutional capacity	• Secretariat (CC Unit of the Envi Ministry) • Sub-technical committees to appraise project proposals • Technical Committee advising Board of Trustees.
Transparent and balanced governance	• **Independent Board of Trustee: 17 members, of which two are from CSOs and the rest are from government ministries and departments.** Members serve without any financial compensation
Transparency and accountability	• **The office of the Comptroller and Auditor General of Bangladesh audits the trust fund** • **Challenge: that** decisions of the Board of Trustees are not influenced by partisan politics and political interest, given that most of the members are Ministers.
Multi-stakeholder involvement	• Powerful ministries and departments, including Finance, Planning, Agriculture, Water Resources, Foreign Affairs, Local Government and the Prime Minister's Office,
Good access to the funding	• **Access to funding by national and local stakeholders (NGOs and CSOs)** • **Access to funding by ministries and departments**
Appropriateness	• In line with priorities in the Bangladesh CC Adaptation Plan

Bangladesh Fund for CC resilience

Principle	What it means
Fiduciary/legal capacity	• **WB is the Trustee (multi-donor Trust Fund)**
Capacity to channel/ mobilize/disburse	• Contributions of US$115 millions approx from donor countries • More than ½ of the money approved end 2011
Institutional capacity	• Management committee • Secretariat • Implementing entities: one Foundation and ministries/departments
Transparent and balanced governance	• Governing Council (16) includes 2 development partners, 2 observers from CSO + 1 observer status for the WB + representatives from different ministries (finance, food, foreign affairs, planning, agriculture). Chair person from the MoE. • **Concern that differences could arise between donor countries and the government over the priorities of the Fund**
Transparency and accountability	• Annual report + audit by the WB • Regular monitoring by the WB + secretariat • Mid-term evaluation 2 years after the start of the projects
Multi-stakeholder involvement	• Powerful ministries and departments, including Finance, Planning, Agriculture, Water Resources, Foreign Affairs, Local Government and the Prime Minister's Office,
Good access to the funding	• **One window for PS and CSO (10%)** • **One window for public sector projects**
Appropriateness	• In line with priorities in the Bangladesh CC Adaptation Plan • Grants

Indonesia CC Trust Fund

Principle	What it means
Fiduciary and legal capacity	• Nationally-managed trust Fund with Interim Fund manager: UNDP • Regulatory framework in place to help set up the ICCTF
Capacity to channel/ mobilize/disburse resources	• ICCTF will pool and coordinate funds from international donors and the PS • UNDP has received USD 8,514,883 from DFID and AusAID as contributions to the ICCTF • Steering Committee will oversee coordination of donor contribution
Institutional capacity	• Secretariat (CC Unit of the Envi Ministry) • Technical Committee to appraise projects and provide technical assistance • Ministerial seering Committee to identify strategic priorities and approve projects
Transparent and balanced governance	• Plenary members: Selected development partners and CSO representatives • Observers: Development partners, CSOs, and regional government • Government: Planning Ministry chairs + reps for MoF, MoE, NCCC, and related ministries
Transparency and accountability	• The ICCTF Steering Committee will be held accountable for ensuring that external grants are allocated according to the provisions stipulated in grant agreements with development partners. • An independent auditor, and paid for by the ICCTF, will conduct annually a ‘policy compliance’ audit and audit the use of ICCTF funds by ICCTF recipients.
Multi-stakeholder involvement	• Ministries mainly involved: Finance Ministry and Planning Ministry • Also MoE
Good access to the funding	• Currently, the line ministries and government agencies act as the Executing Agency • The EAs may collaborate with other organizations (CSO, private companies, local governments and academic institutions)

Brazilian Amazon Fund

Principle	What it means
Fiduciary capacity	• YES. The fund is managed and monitored by the Brazilian Development Bank
Capacity to channel/ mobilize/disburse resources	• **YES. 1 billion dollars raised through Norway, Germany and donations by PetroBras** Brazil BUT very little deposited, very little approved and even less disbursed. • **RISK. Could be more limited because donors don't appreciate restricted role**
Institutional capacity	• The Amazon Fund Guidance Committee (COFA) • The Amazon Fund Technical Committee (AFTC)
Transparent and balanced governance	• COFA: **3-block committee comprising the federal government, state governments and CSO** (including indigenous peoples, traditional communities, NGOs, industry and scientists). Each block holds one vote on committee decisions • Donor interventions are very restricted
Transparency and accountability	• YES. Consultations with non-government stakeholders are integral part of the decision making process as CSO as they represent one of the three blocks of the COFA • Contributions and Disbursements both can be found on the Amazon Fund website. + Annual report • **NO. Lack of transparency on eligibility criteria and the project approval cycle**
Multi-stakeholder	• YES.
Good access to the funding	• **YES and NO. According to Brazilian NGOs, difficult access to the fund by local and grassroots organisations**
Appropriateness	• YES. Grants-only • **YES and No. Aligned with the Sustainable Amazon Plan but according to NGOs**

Opportunities that come with national Funds

- Existing national Funds check (at least) as many "principle" boxes as international climate Funds.
- It does strengthen national and local stakeholder ownership and capacity
- And this implication helps when implementing and monitoring projects
- It also increases alignment with national priorities and puts climate finance higher up the domestic agenda
- It can increase coordination/tracking of foreign, private and domestic resources and count what is effectively received by the countries.
- It does reduce transaction costs
- And allows for bundling of low hanging and higher-hanging fruits when mobilizing resources.
- It can increase scale of climate finance within the country and attract further contributions.
- It enables/enhances access to climate finance for local stakeholders/ smaller projects
- And a national Fund can take many forms – it can build on a multi-stakeholder, academic, non-governmental or a governmental organisation.

Some challenges ahead

- Longer-term resource mobilization and planning remains a challenge
- When international contributions come in, a balance needs to be found with donors on their scale of involvement/power (Amazon Fund issue)
- Institutional, legal and fiduciary capacity/safeguards are also a challenge
  - Increased pressure for transparency and anti-corruption/fraud/procurement safeguards
- No one-size-fits-all and pre-assembled kit.
- Different needs = different Funds
  - improved access to and ownership of international funds: NIE
  - Improved coordination of international funds within the country: the ICCTF or the Bangladesh Resilience Fund
  - Increase dedicated resource mobilization: Amazon Fund or Bangladesh CC Trust
  - Not every country needs a national fund at this stage. And what about regional Funds?
- Direct access is still a limited option in some cases as it does not give direct access to decisions made.
- An "appropriate" Fund needs to be founded on high-quality and multi-stakeholder planning

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Final recommendations

- Do establish a national Fund to enhance ownership and access to resources for all stakeholders with lower transaction costs
- Your Fund needs to be owned by all relevant ministries, not just one or two. And major constituencies.
- Don't forget to involve all stakeholders even before you set up the Fund.
- Get help from international implementing entities to set up your Fund. That's a useful role for them to play. They can also act as interim trustees.
- Strengthen the regulatory framework to ensure the independence, transparency and accountability of your Fund. And attract more funding.
- Allow for flexibility and evolution in the Fund, resource mobilization and goals of the Fund to accommodate your needs.
- Advocate for the GCF to provide for ENHANCED direct access – so you can make decisions at the national level, not just channel the funding.
- Look into establishing automatic and domestic revenue streams to complement international donor contributions to ensure a minimum inflow of financial resources + increase decision power over the projects.
- Call for the international community to implement fair international sources of funding like IAPAL to scale up global climate finance availability