

DEVOLVING CLIMATE FINANCE

THE CASE OF INDIA

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A brief history of climate finance

From the GEF to GCF

- GEF
- LDC Fund
- Special Climate Change Fund
- Adaptation Fund
- World Bank's Climate Investment Fund

Challenges

- Consolidation
- Integration
- Devolution

Does the GCF signal a “paradigm change”?

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47. ... The Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes.



GCFB 10 (Songdo, July 2015): EDA operationalized with the approval of the terms of reference. Board “Requests the Secretariat ... to carry out a Request for Proposal from countries ... **with the initial aim of providing up to US\$ 200 million for at least ten (10) pilots..**”

The case of India

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- National allocations (for vulnerability reduction, Missions, budgetary announcements for climate change)
- Other national sources: NCEF, CAMPA
- Multilateral international sources
- Bilateral sources
- CDM

Governance

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- PM's Council with 26 members. Key stakeholders missing
- Ministry of Environment, Forests and Climate Change as key ministry
- Climate Change Finance Unit in Ministry of Finance
- National Bank for Agriculture and Rural Development as National Implementing Authority (Adaptation Fund and Green Climate Fund)
- National Action Plan for Climate Change
- State Action Plans for Climate Change

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- *How can these sources work together, to achieve clearly defined and common goals and targets?*

Need for **consolidation**.

- *How can they target the needs of the poor, and be locally owned and driven?*

Need for **devolution**.

- *How can international climate finance with national finance towards common goals, while promoting cost effectiveness, and sustainability in the longer term?*

Need for **integration**.

Consolidation

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- "Light touch" guidance for the use of climate finance from multiple sources, but with the purpose of devolution
- Clear goals, principles and roadmap
- Equal involvement of key ministries, integration across sectors, and the use of existing national institutions and mechanisms
- Balance between the different thematic areas of mitigation, adaptation, capacity building etc.
- Continuous review of progress, to make mid-course corrections where necessary

Devolution

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- Compliance with Constitutional Amendments calling for devolution to local governments
- Distributive justice, to ensure that climate finance reaches those who need it most
- Flexibility in decision-making at the local level, particularly given the unpredictable nature of climate impacts
- Ownership at the level of implementation, to ensure effectiveness and durability of results
- Promotion of integrated solutions, which are not tied to sectoral goals and targets
- The challenge of fiduciary devolution

Integration

- National Rural Employment Guarantee Scheme: Perhaps the most successful effort so far in devolution of funds and planning to the most vulnerable
- Some amount of certainty of funds, allows for better planning
- Commitment to fiscal devolution; community planning and decision-making; synchronized with Village Development Plans
- Innovations such as social audits
- Long term capacity building at the local level

How can the GCF promote access by the most vulnerable?

- Bring access by the poor and most vulnerable to the front and centre, instead of a focus on “big bang” (mostly mitigation) projects. Ensure a balance between mitigation and adaptation
- Promote consolidation, by following a “throughput” model
- Promote integration with national sources
- Promote fiduciary devolution, from the global to the local. Make EDA the “signature modality” of the Fund
- **How can the GCF overcome the current problems with accreditation of entities that can apply for the EDA pilot, and the absence of devolved programmatic access in the current Initial Project Approval Process?**

Thank you!

For more information,
please see

http://www.oxfordclimatepolicy.org/publications/documents/Consolidation_and_Devolution_final.pdf