The role of civil society oversight and social accountability in climate finance and action.

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INTRODUCTION

Climate change is disproportionately impacting the most vulnerable populations in emerging and developing economies, mainly in the Global South. 750 million South Asians, for instance, have been affected by climate change-induced disasters in the past two decades. Similarly, an estimated 700 million people in Africa will be displaced due to water stress by 2030.

Global climate finance flows have almost doubled in the last decade, but reaching climate objectives will require climate investment to increase sevenfold by 2030. Emerging and developing countries need an estimated USD$1 trillion in the energy sector alone and USD $140 billion to $300 billion annually for climate adaptation by 2030.

While calls for funding have been growing, there needs to be more focus on how these climate funds will be managed to ensure they are used to solve the problems of the most climate-vulnerable populations. There is growing recognition that top-down climate funding is both unjust and ineffective. Indeed, much of the climate finance discussion has focused on quantity of funding without adequate consideration of quality. We must ensure climate funding is used transparently, accountably, and matched to local needs.

We must rapidly reach consensus around the idea of "green accountability"- to engage stakeholders, including local communities, civil society organizations, and affected populations in decisions about how climate finance is to be directed and used. Greater local ownership and oversight will strengthen the integrity of climate spending. The benefits for people and the planet are clear. New research suggests green accountability could save more than $100 billion a year and avoid annual carbon emissions of 5 gigatons; and that locally-led climate efforts enhance effectiveness and efficiency.

In this paper we consider the roles that civil society can and must play in promoting accountability of climate finance. We outline the current state of play and consider actions that can be taken at multiple levels- from hyper-local to national to global, drawing on practical examples- and point to the need for more resourcing for civil society to be an effective partner in mitigating integrity risks.

THE CURRENT CIVIL SOCIETY LANDSCAPE

Civil society can play a variety of roles in driving green accountability. However, efforts have been piecemeal and stove-piped to date. The large climate funds like the Global Environment Facility (GEF), the Green Climate Fund (GCF) and the Adaptation Fund (AF) often include mechanisms for civil society engagement or advisory roles, but whether CSO feedback is meaningfully integrated into decision-making is debatable. Likewise, many of the multilateral and bilateral funds- like the Global Climate Partnership Fund or the Strategic Finance Fund- are focused on the private sector and operate in ways that are not accessible to most local civil society organizations.

On the civil society side, there are several prominent global campaigning organizations in the space, but they tend to focus on the quantity rather than the quality of financing needed to solve our collective climate challenges. There are think tanks and policy influencers thinking about these issues, but their recommendations are often technical and Global North-facing. Local organizations doing green accountability work have incredible knowledge but usually do not have the contacts to ensure this expertise is fed into larger policy processes; and development programs are not set up in a way that allows for meaningful localization of climate-focused efforts.

"The climate community can draw from decades of experimentation within the social accountability field."

BUILDING ACCOUNTABILITY FROM THE BOTTOM UP

Much of the climate finance debate and deliberations take place in global spaces from UN Conferences of the Parties(COPs) to one-off gatherings, such as last year's Summit on A New Financing Pact, to boardrooms of international financial institutions like the World Bank. However, the push for green accountability needs to be rooted in local action and begin from the bottom up. We need to consider how to scale effective local approaches built around greater community ownership, voice and agency that ensure climate projects meet the needs of both people and planet. National platforms and processes should be designed to support local accountability. In turn, global climate finance facilities and bodies should strengthen their support for green accountability (which may in turn require a rethink of their own accountability to and engagement with independent civil society).

Civil society can play a variety of roles throughout the climate finance cycle, from inception to delivery. At the local level, inclusive decision making in project selection and design is essential, as are efforts to ensure project value for money and climate contribution; and mitigation of rights abuses. Civil society organizations can work to ensure participatory project design and assessment of risks; and also oversee project delivery and climate impact.

At the national level it is essential that there are participatory mechanisms for the effective allocation and use of scarce resources, that information is transparent and corruption is minimized. Civil society can provide inputs into how resources should be deployed for climate mitigation and adaptation, advocate for access to data and ensure the public are aware of corruption risks and realities.

At the regional/global level, donor commitments on these issues must be met; and we must ensure inclusive processes for decision making in the allocation of global funds. Civil society can lead efforts to "follow the money" and track/verify donor promises versus funds transferred. These roles are not mutually exclusive, of course, and mapping how and where these efforts can connect within specific contexts and more broadly will be important to ensure maximum impact.

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Accountability Gaps - Opportunities for Civil Society Led Efforts

Geography	ACCOUNTABILITY NEEDS	POTENTIAL CIVIL SOCIETY ROLES
Local	**Inclusive decision making in project selection and design.** **Assurance of project value for $ and climate contribution** **Mitigation of rights abuses**	Participatory project design and assessment of risks. Oversight of project delivery and climate impact
National	**Effective allocation and use of scarce resources** **Access to information about climate finance and impacts** **Red flagging of corruption**	Input into how resources should be deployed to best mitigate climate risks. Independent tracking/verification of climate funds received and how allocated Advocacy around and amplification of corruption risks and accountability failures
Regional /Global	**Donor commitments are met** **Inclusive process for decision making in allocation of global funds**	Tracking/verification of donor promises versus funds transferred. Active voice and ideally voting power in regional and global facility governance

LOCAL ACTION

The climate community can draw from decades of experimentation within the social accountability field. New research from Florencia Guerzovich and Tom Aston, building on review of 157 social accountability case studies, offers some clear dos and don'ts that the emergent climate accountability community can adapt - including a focus on how social accountability can bolster social contracts, which are so important for navigating the trade-offs inherent in climate responses. They emphasize the potential of next generation social accountability efforts to improve the quality of aid deliverables, making providers more responsive to citizens' needs, primarily through monitoring and oversight of those deliverables and collective efforts to ensure the accountability of power-holders. We should be building climate finance facilities that actively harness the power of social accountability to lead to better finance outcomes.

According to UNCTAD research, one in six adaptation projects are at risk of maladaptation due to a lack of green accountability. We know that civil society players can make a difference. For example, research undertaken in Bangladesh found that higher levels of monitoring by influential local stakeholders were associated with reduced corruption in project implementation and improved project quality. Effective monitoring was incentivized by local engagement in project design. This resulted in an emphasis on dual-use infrastructure that acted as "win-wins" - meeting adaptation requirements alongside other community needs, for example by building cyclone shelters that double as community centers.

Indeed, there are a plethora of examples of local civil society playing a critical and effective role in climate change mitigation and adaptation from which we can learn. These examples point to the importance of building local ownership in climate projects, which in turn creates incentives to make sure funds are well used and not siphoned off. The World Resources Institute outlines 21 case studies here. These include the Gungano Urban Poor Fund in Zimbabwe, through which grassroots savings groups issue concessional loans to members who use the funds to support climate-resilient micro-projects- from dry toilets to solar energy; and Fundecooperación in Costa Rica, a microfinance organization that provides both small loans and grants- along with training and support- to communities for small-scale climate related projects.

In Asia, the Micronesia Conservation Trust (MCT) is instructive- it provides capacity building, small grants, revolving funds and alternative livelihoods to climate vulnerable populations across the islands. The Trust also provides fora for peer learning and collaboration between governments, businesses, communities and civic organizations to plan for climate related issues. Several design features make the MCT effective- including a prominent local and international Board of Trustees which has bolstered credibility; the built-in scale of the process (covering 5% of the largest ocean in the world); a clear focus on transparency and accountability which has generated credibility; and the ability of the Trust to mobilize and revolve funds, ensuring growth and continuity over time.

NATIONAL LEVEL

As climate finance flows increase, one important safeguard to ensure integrity will be the creation of effective country platforms that act both as spaces to verify funds received at the national level, and a way to determine how those funds are allocated and spent. Here, there is again the potential to learn from other sectors, especially the health field. [The Global Fund](#) offers one useful model through its investment in Country Coordinating Mechanisms. These have been operating for two decades, are in 110 countries globally with 4,400 members, and tend to be well connected with local health ecosystems.

These mechanisms lead inclusive in-country dialogues to develop funding applications, support grant design and provide ongoing oversight of programs. Their inclusivity is part of their success - their members are constituency-based, in some cases voted in through structured elections. They have agreed rules and procedures to assure ethical practices, such as defined policies and codes of conduct on making explicit and mitigating conflicts-of-interest in decision making. They need to regularly demonstrate compliance with agreed standards on the above for the country to access Global Fund resources. Of course, such mechanisms take time to build up and require investment in capacity, but independent audits show such investment does yield positive results. The climate community has the opportunity to build on the learnings of the Global Fund and equivalents for the design and development of climate finance country platforms.

Another model for potential adaptation comes from civil society oversight of COVID-19 related spending. During the early days of the pandemic, it was notable how civil society organizations proved to be nimble in providing reliable data in regards to the virus spread and impacts, and this extended to tracing public funds for pandemic response. In one example, philanthropic funding enabled creation of the COVID-19 Transparency and Accountability Project (CTAP), an initiative that sought to promote accountability and transparency through the tracking of COVID-19 intervention funds across 9 African countries – Cameroon, Ghana, Kenya, Liberia, Malawi, Nigeria, Zimbabwe, Senegal and Sierra Leone.

The project helped build local coalitions to fight corruption and waste, and to promote governance reforms that enable citizen engagement. This took a variety of forms. Civil society partners mobilized to demand corrective government actions to reveal fraud and corruption- including the dismissal of corrupt government officials in cases ranging from Sierra Leone to Malawi. An alternative approach was to analyze published procurement data and compare this to promised investments to identify shortfalls and discrepancies, as in Cameroon. In climate, as in pandemics, citizen engagement is too rarely centered within decision-making; and the need to act quickly often used to justify expediency at the cost of accountability.

Some high-profile national level climate efforts to date have not learned these lessons. Some of the struggles experienced by the Just Energy Transition Partnership (JETP) countries reflect a tendency to rely on top-down processes, which can undermine public trust and legitimacy, and lead to broader governance issues. For example, new research from the Heinrich Boell Stiftung highlights the lack of inclusion in decision making in Vietnam's JETP process: "Human rights and climate activists have pointed out that without the active participation of environmental activists, neither the proper use of public and other funds can be guaranteed, nor could the Vietnamese government be held accountable if promises were broken." University College London researchers Muhamad Rosyid Jazuli and Penelope Yaguma also point to the limitations of top-down approaches in Indonesia's JETP and urge a revised approach through which local civil society organizations are engaged to help make sure the "community is not merely an audience or target for the energy transition agenda, but an involved actor with significant ownership, agency, and contribution to Indonesia's energy transition ambitions."

At the same time, some countries are setting an example. In Nepal, the Local Adaptation Plans for Action (LAPAs) are integrated into local government planning processes to ensure people, communities and their resources are adaptive to climate change. The LAPAs includes a set process with communities to: sensitize, assess, prioritize, formulate plans, integrate ideas and assess progress. To date, LAPA has supported planning around everything from food security to watershed management; and importantly, the Government of Nepal has committed to delivering 80% of climate finance through this mechanism, clearly prioritizing the voices of local communities in climate planning.

In Kenya, the Financing Locally Led Climate Action (FLLoCA) Program is the 1st national level example of devolved climate finance, which translates Kenya's international commitments on these issues into local change. Sub-national governments come together with citizens to assess climate risks and identify collective solutions- on issues ranging from preparedness for climate disasters to natural resource management. Results from the FLLoCA indicate not only improved outcomes- in terms of improved access to water, for example- but also strengthened and more responsive institutions.

REGIONAL AND GLOBAL FACILITIES

To achieve the levels of climate finance needed globally, it looks certain that more funding will be channeled through the multilateral development banks and the climate facilities that they host. This can help to manage integrity risks from the top-down, but also citizen-engagement from the bottom-up. A review undertaken in 2023 by the Stakeholder Advisory Network on Climate Finance highlighted the variety of approaches to civil society engagement across different global climate finance facilities. While these bodies tend to go beyond the minimum standards that multilateral development banks require, civil society participation is still very much in an "observer" capacity which is often highly constrained. This lack of local voice inevitably limits green accountability and community ownership. Fostering meaningful independent civil society voice in these global facilities is particularly important when considering funding decisions and monitoring of project implementation for country contexts where participation at country level is severely constrained, for example by conflict or clampdowns on civic space.

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An alternative or complementary model to the large-scale global finance facilities, is intermediary funding mechanisms or bridge facilities. These are key to ensuring that funding flows are translated from global commitments to local realities. The Urban Poor Fund International (UPFI) provides one model of this sort- by accepting and disbursing funds collected at the national level to savings federations working on urban and climate issues locally. UPFI bears the currency and capital risk; and communities lead decision-making with a focus on "venture financing" to adopt new approaches locally. The Fund has now also built learning centers through which communities can learn about and build their own people-led solutions to urban development.

The Pawanka Fund- which supports indigenous-led climate efforts globally- is also instructive in the ways in which it accompanies local climate partners. The Fund centers self-determination and intercultural philanthropy and is governed by indigenous leaders from around the world. It focuses on ensuring its resources are useful- through funding for the long-term; accessible- by providing legal and administrative support to potential grantees throughout the application process, if needed; and appropriate- through a cultural due diligence process that ensures the Fund understands its partners. The focus is on revitalizing traditional knowledge which is essential to countering climate change but is often lost in the large-scale efforts to innovate our way out of the problem.

THE FINANCING GAP FOR CIVIL SOCIETY AND ACCOUNTABILITY PROGRAMMING

There has been much debate and critique of levels of climate funding overall, including over which money is classified as climate-related, but what is clear is that the current volume of climate finance is inadequate to meet the goals laid out at the Paris Agreement, and the portion going to civil society and climate accountability dimensions is a tiny fraction of existing commitments. This poses a problem - civil society cannot play an effective role in shaping and overseeing climate spending if that is left as an unfunded mandate. The research of Systemiq's Blended Finance Taskforce suggested that investing 5-10% of climate project finance to accountability dimensions would pay for itself several times over. That might be too much for some to consider, but current financing is negligible. Accountability and oversight needs are being neglected, increasing the risk of wastage, inefficiencies and corruption.

In 2023, the OECD released a report with aggregate trends of annual climate finance provided and mobilized by developed countries for developing countries for the period 2013-2021. The figures for 2021 total USD 89.6 billion, close to the goal of mobilizing USD 100 billion of climate finance annually for climate action in developing countries. However, accountability is not mentioned- the report has very little information on government donor support for civil society oversight and accountability. Indeed, the latest OECD data highlights that only USD 2.5 billion of Official Development Aid (ODA) reported to the OECD Development Assistance

Committee went to civil society regardless of theme. There is no climate change designation related to that amount, but we do know that just USD 541 million of the USD 2.5 billion went to civil society for “General Environment Protection” - presumably for conservation work.

From the philanthropic side, funding to the code "climate change" between 2018-2022 was approximately USD 7.4 billion at the global level, representing only 0.8% of all existing philanthropic funding, according to data from Candid’s Foundation Directory (although Candid's database is constantly being updated and philanthropic funders are not required to report all their grants to Candid). Of that amount, only 10.4% went to official aid recipient countries (USD $766 million) and more than 85% was channeled through U.S. organizations (such as Climateworks Foundation, the World Wildlife Fund or The Nature Conservancy) implementing projects in those countries. These organizations may be doing important work- but we need to move further towards support for community-based organizations that are proximate to the climate problems we are trying to solve and can anticipate integrity risks.

Candid has no codes related to climate accountability, so a search for “climate” combined with keywords such as “accountability”, “transparency”, “integrity”, “corruption”, in the same time period, yields disappointing results. Only USD 75.7 million has been allocated at global level for these issues (representing 1% of US philanthropic climate change funding), and USD 20 million in aid recipient countries (representing 2.6% of climate change funding in those countries). Only 30% of this funding is channeled through organizations in the United States- the rest of the funding goes mainly to organizations in Nigeria, Indonesia, South Africa, Zimbabwe, and Kenya, but this reflects the priorities of one large donor (Ford Foundation, which provides 80% of these remaining funds, focused largely on strategic litigation around extractives) rather than a broader shift to more proximate funding of climate accountability as a whole.

Nonetheless, there may be a shift underway. The World Bank is now partnering with the World Resources Institute, the Huairou Commission and SouthSouthNorth, for example, on a USD $4.5 million investment to support locally-led efforts to hold decision-makers accountable for effective and equitable climate investment. The Waverly Street Foundation has also invested in Transparency International’s Climate Integrity Program, which works together with national chapters in countries across Sub-Saharan Africa, Asia Pacific and Latin America. This program has piloted anti-corruption safeguards and solutions through education, assessments, monitoring and advocacy actions. These types of investments need to be dramatically scaled if we are to see a more inclusive, equitable and effective climate response.

CONCLUSION

It is time for a fundamental shift in the way we understand how to direct global resources to climate adaptation and mitigation at every level. The volumes of funding flowing into this space are enormous- in some cases many multiples of GDP within specific country contexts- but without the necessary safeguards to ensure transparency, accountability and integrity. The most meaningful- and sustainable- way to ensure better outcomes is to build in green accountability from the bottom-up and align support accordingly. Many donors and other organizations have signed onto the Eight Principles for Locally Led Adaption- but too many of the larger players in the climate space have not. There are plenty of lessons from elsewhere and examples of how these kinds of principles are being used to drive locally-led, collaborative, people-centered climate solutions.

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