

REVISITING THE PRINCIPLE OF COUNTRY OWNERSHIP: REFLECTIONS ON CLIMATE FINANCE

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SUMMARY

Because Africa is vulnerable to reduced rainfall, declining agricultural productivity and food insecurity, reducing the risk of adverse climate impacts and strengthening countries' responses to climate change is an imperative and should be reflected in the policy choices and regulatory design of climate finance mechanisms. To secure country ownership of climate finance, national and local institutions need to be strengthened, and stakeholders, both governmental and non-governmental, need to be empowered in the decision-making process. This brief aims to identify ways to strengthen country-led approaches and to increase national participation in climate activities at all levels. Policy fora that are representative, democratically governed, accountable and tailored to meet the needs of the poor have broad resonance.

What country ownership entails

Many scholars have written about what climate finance should look like but far less attention has been paid to the delivery mechanisms required at country level for climate actions to be 'owned', and therefore effective, efficient and equitable.² What is missing from the discourse is an examination into the detailed structures and processes needed in order to administer the new streams of proposed climate finance and to ensure that governance is upheld in the disbursement process. National ownership can be measured by the extent to which countries exercise leadership over their climate change policies and strategies and the extent to which countries themselves are in the driving seat of decision making on climate finance.³

Climate finance should be provided in alignment with country-led strategies and priorities. This is imperative to ensure country ownership and increase the accessibility of funding to developing countries. However, it must be noted that national ownership does not mean 'narrow' ownership by national governments alone. There is an urgent need for widespread public consultations on national development strategies. Sufficient engagement with broader civil society, community-level, non-state actors within decentralised structures will increase the accountability of the climate finance mechanisms and encourage dialogue about a country's priorities, actions and indicators. Because persistent inequalities, often structural, affect the opportunities available to people, special emphasis should be attached to those groupings most vulnerable to climate change.

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National implementing agencies

County ownership of climate finance to some degree will be coordinated by a designated national authority (DNA) that is responsible for receiving, overseeing, coordinating and allocating all government and non-government financial resources for climate change related projects in the country. The role of the DNA is to allocate resources, support and reinforce a country's prioritised effort to strengthen its own capacities to implement more effective cooperation.⁴

For the DNA's success, it is important to take stock of what national institutions exist in each country and their functions. For example, is there an existing national climate change focal point in the government that can act as the DNA? Is there a national climate change committee as a part of the implementation processes for national adaptation plans? If so, who chairs it and is it a priority? Does the lead institution have the capacity to drive the process? Is there buy-in from the highest-decision makers across government?

Coordination is needed across all sectors and levels of government to ensure a more systematic, strategic and comprehensive approach towards efficient resource allocation and efficient responses. Strengthening cross-sectoral, cross-ministerial and multi-stakeholder approaches is essential. Due to the cross-cutting nature of climate change, a central body such as the head of state's office or the ministry of planning or finance is usually the most suitable entity to lead the mainstreaming effort, in close collaboration with environmental institutions.⁵ An inter-ministerial body is much better positioned to coordinate the activities of single ministries and is more likely to have the political power to attract the necessary budget for allocation among implementing ministries and agencies.

Line ministries, on the other hand, often have better implementation capacity. In countries with highly decentralised administrative structures, ministries can generally ensure good outreach at the local level.⁶ It is thus critical to support their efforts, including strengthening the political and technical capacities of the environmental ministries or agencies, as adaptation funding is expected to increase. South Africa and Mexico have made headway in this regard and both have established Inter-Governmental Ministerial Committees on Climate Change, limiting their silo approaches and facilitating communication and coordination.

Local government

Where they exist, decentralised national institutions can help ensure effective national-local coordination and create an enabling environment for local adaptation action.⁷ Local governments can assume a leading role in the adaptation process at the field level, and constitute an effective support to community-level initiatives. Decentralisation can also foster integration among line ministries at the sub-national level.⁸ Through actions such as collecting taxes or user charges, sub-national governments may be able to generate revenue needed to support identified budget items related to adaptation efforts. Since climate risks are localised, all climate activities need to be based on country-specific evidence, in each case, clearly defining the impact, vulnerability and

Country ownership principle 1

Strengthening national institutions empowers developing country governments as agents of change.

Country ownership principle 2

Local and national contexts, circumstances and levels of governance need to be integral to policy choices and regulatory design. These factors affect the ability of a country to use and distribute climate finance effectively, efficiently and equitably.

adaptation assessment of climate change within particular socio-economic contexts. No single strategy works well in all cases. Context clearly matters.

Apart from national and local government, there are other entities that can act as implementing agencies. These include sub-regional, regional bodies (such as regional economic communities), as well as multilateral implementing agencies.⁹ There is also the need for other entities to play a role: Parliaments will need to play an important legislative and advocacy role in promoting the adoption of 'climate-compatible' policies and legislation and also in approving and monitoring the budget to promote transparency and accountability. They also need to promote climate change integration in the budgetary process. The private sector, media, scientific and academic organisations, poverty reduction agencies and NGOs are also integral to this process.

Local governments in most African countries face tremendous financial constraints due to dwindling national budgets, lack of priority setting, confusion over roles and responsibilities for financial management among different levels of government, or a general lack of capacity to manage financial matters. In cases where local governments are given the authority to raise revenues and allocate them to development priorities, addressing adaptation may call for different levels and sources of revenue. For example, a decentralised municipal infrastructure fund to which local governments and civil society groups can apply may be an appropriate way through which the Green Climate Fund (GCF) can channel funding. This will mean working directly with groups at high risk to the impacts of climate change or those most directly dependent on climate-sensitive livelihoods. These and similar participatory budgeting mechanisms are more accountable and democratic, reflecting local realities and helping to develop appropriate local responses. They also promote capacity building through the transfer of skills.

Climate leadership can take place at the highest decision-making level or by a local community leader. Leaders can take ownership of the process of integrating climate change adaptation considerations into development planning or champions can be disseminators and facilitators, relating global climate change issues to the national context.

Improving ownership through stakeholder participation

According to reports from the Earth System Governance¹⁰ and from the South Centre¹¹, the designers of the GCF should take note of new global health institutions, which have integrated the capacities of stakeholders through direct participation in their governance structures. The GAVI Alliance¹² and the Global Fund to Fight Aids, Tuberculosis and Malaria¹³ have all embraced varying degrees of stakeholder inclusion, in which civil society, the private sector, foundations and other constituencies – including those populations directly affected by the threats – participate directly in governing bodies, deliberation and institutional decision-making.

The Country Coordinating Mechanisms (CCM) of the Global Fund to Fight AIDS, Tuberculosis and Malaria has introduced a particularly innovative approach for country-level, multi-stakeholder partnership. The CCM develops and submits grant proposals to the Global Fund based on priority needs at the national level. After the

Country ownership principle 3

At a national level, powerful 'champions' or climate leaders should be identified to play a role in the efficient and equitable share of the allocation of resources and management. They will be very useful to encourage mechanisms that support the integration of new thinking, dissemination of best practices and sharing experiences.

Country ownership principle 4

Participatory, multi-stakeholder design processes are effective, and there are lessons to be learned from global funds like the GAVI and Global Fund on AIDS, TB, and Malaria.

grant is approved, each constituency nominates its own grant recipients to oversee the process and the implementation of the project.¹⁴ The Global Fund ensures that at least 40% of CCM members are non-state actors.

Direct participation models differ from consultative approaches in that they generate a stronger sense of civil society ownership. This is crucial for institutional buy-in and the long-term success of a project. Key to this success has been the development of engaged and empowered constituencies in donor countries, connecting finance with results and empowering country-level actors for policy-making and implementation. According to independent evaluations done by DFID¹⁵ and the Brookings Institute¹⁶, these participatory models of governance have shown a remarkable track record for efficiency, value-for-money, transparency, local ownership and learning.

Country ownership principle 5

Capacity building of all stakeholders, governmental and non-governmental, needs to be an early priority – so that they can better respond to their roles and responsibilities.

Capacity building

Empowerment is closely associated with participation and ensures the possibility for all people, including poor and marginalised people to have their voices heard and to participate meaningfully in shaping debates that affect their lives.¹⁷ This is essential in defining the objectives of development and influencing decisions through engagement and dialogue. Local communities need to be better incorporated into national policy planning, which may be facilitated by local governments incorporating indigenous knowledge into adaptation policies and analyses and takes account of models of best practice.

Institutional strengthening and capacity building are therefore at the heart of any mainstreaming effort.¹⁸ Evaluating institutional and capacity needs is an important step in designing an effective mainstreaming effort. This entails addressing both the need to build human capacities (e.g. training and skills development) and the need for institutional strengthening (e.g. coordination mechanisms).

A country needs-assessment should also focus on identifying the level of knowledge and understanding among local stakeholders with regards to climate change, adaptation and its links to development and poverty reduction. More specifically, technical capacities (e.g. climatology, disaster risk management, early warning systems) as well as the capacity of the institutions to develop, disseminate and communicate knowledge on climate impacts and adaptation are other elements to assess. This includes the access to reliable data and the quality and timeliness of country-specific studies.

Beyond inadequate skills and infrastructure, capacity also reflects less tangible factors. It is shaped by the levels and types of power and organisational ability of people and institutions. It also reflects how people accept or resist the status quo and how institutions support or constrain a desire for change and the spread of information. Transplanted best practices may look impressive but may not fit agency needs, match management capacities or reflect political and organisational realities. A better understanding of local specificities and local power structures can help avoid poorly designed financing mechanisms.

Conclusion

Taking stock and learning from the failures of past development models can be a very useful tool for policy-makers deciding on a relevant design for the Fund. It is also important to consider other models of financing, such as the new multilateral health institutions, which have incorporated participatory mechanisms into their structures to ensure buy-in from both state and non-state actors. Stakeholder engagement needs to occur throughout, from inception to policy development, implementation and monitoring.

However, there is no global blueprint that exists for development assistance and disbursement. This needs to be moulded to the needs of the recipient, taking into account the very different levels of governance, stability and accountability within African countries.

Although climate finance is very different from development finance, there are similarities that can be used to guide the climate finance decision-makers and provide broad lessons for further activities. Bird and Glennie¹⁹ highlight these experiences throughout the funding cycle, from sourcing and management to disbursement. Aid effectiveness principles are only broadly applicable for climate finance, but should be built on to take account of the consensus within the UNFCCC negotiations on the principles appropriate for climate finance. The main point of convergence is that transparency over the decision-making process is fundamental to demonstrate accountability to contributors and recipients alike. It is an essential lever to facilitate meaningful participation and foster a sense of ownership of both process and outcome.

Endnotes

- 1 Romy Chevallier is a senior researcher at the Governance of Africa's Resources Programme at the South African Institute of International Affairs.
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- 6 World Bank, 2010, Guidance Note 1: Engaging Key National Institutions in the Adaptation Agenda in Mainstreaming Adaptation to Climate Change in Agriculture and Natural Resources Management Projects. <http://climatechange.worldbank.org/climatechange/content/mainstreaming-adaptation-climate-change-agriculture-and-natural-resources-management-project>
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- 10 Abbott, K & Gartner, D. “The Green Climate Fund and the Future of Environmental Governance”, *Earth System Governance Working Paper 16*. September 2011, p. 4.
- 11 Submission of the South Centre to the Transition Committee to the Design of the Green Climate Fund on the issues of workstream 2 – governance and institutional issues, South Centre, 2011, http://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/southcentre_wsii_080611.pdf.
- 12 Established in 1999, the GAVI Alliance finances vaccine purchases, immunisation programmes and research in developing countries. This organisation was designed as a private-public partnership with strong participation for non-state actors. All Board members, including the non-state actors, have full voting rights. GAVI also engages with civil society through its Partners Forum.
- 13 The Global Fund to Fight Aids, Tuberculosis and Malaria, provides even broader and more meaningful stakeholder participation. The Fund reserves Board seats for NGOs from developed and developing countries and for people living with the diseases. Civil society members have voting powers as they sit on the Board’s recipient bloc, in the absence of consensus, the donor and recipient must each approve decisions by a two-thirds vote. The Fund has also established a full-fledged constituency system and a Partnership Forum.
- 14 Country Coordinating Mechanisms – The Global Fund to fight AIDS, TB and Malaria, www.theglobalfund.org/en/ccm.
- 15 “Assessment by Institution”, *DFID Multilateral Aid review*, March 2011.
- 16 Birdsall, N & Kharas, H. *Official Development Assistance Assessment*, Centre for Global Development, October 2010.
- 17 Human Development Report 2010, p. 125.
- 18 UNDP-UNEP, 2011, op. cit.
- 19 Bird, N & Glennie, J. 2011, op. cit. 4.



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