Realising the Potential:
Making the Most of Climate Change Finance in Africa

A synthesis report from six country studies:
Cameroon, Ghana, Kenya, Morocco, South Africa and Tanzania

Pre-format edition

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ACRONYMS

AAA	Accra Agenda for Action
ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
AGF	High Level Advisory Group on Climate Change Financing
AIDS	Acquired Immuno-Deficiency Syndrome
AusAID	Australian Agency for International Development
BBC	British Broadcasting Corporation
BNDES	Brazilian Development Bank
CBFF	Congo Basin Forest Fund
CCPM	Consultation Circle of Partners (Cameroon)
CDDE	Capacity Development for Development Effectiveness
CDM	Clean Development Mechanism
CF-SEA	Carbon Finance for Sustainable Energy in Africa (Cameroon)
CGEM	General Confederation of Moroccan Companies
CIF	Climate Investment Funds (World Bank)
CMPP	Moroccan Centre for Clean Manufacturing
COP	Conferences of the Parties
CTF	Clean Technology Fund
CTF	Clean Technology Fund
DAC	Development Assistance Committee
DFID	Department for International Development (UK)
DNA	Designated National Authority
EAC	East African Community
ECCU	Environment and Climate Change Unit (Kenya)
ENRAC	Environment & Natural Resources Advisory Council (Ghana)
ETF-IW	Environmental Transformation Fund - International Window
EU	European Union
FCC	Fond Capitale Carbone
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FSF	Fast Start Finance
GAVI	Global Alliance for Vaccines and Immunization
GCCC	Government Committee on Climate Change
GDP	Gross Domestic Product
GEEREF	Global Energy Efficiency and Renewable Energy Fund
GEF	Global Environmental Fund
HIV	Human Immunodeficiency Virus
HLF	High Level Forum
ICCTF	Indonesia Climate Change Trust Fund
ICI	International Climate Initiative
IFFI	International Finance Facility for Immunization
IPCC	Inter-Govermental Panel on Climate Change
JET	Journalists Environmental Associate of Tanzania
JICA	Japan International Co-operation Agency
KFS	Kenya Forest Service
LDC	Less Developed Country
LDCF	Least Developed Country Fund
LMDG	Like Minded Donor Group
M&E	Monitoring and Evaluation
MARD	Ministry of Agriculture and Rural Development, Viet Nam
MDG	Millennium Development Goals
MEMR	Ministry for Environment and Mineral Resources (Kenya)

MIC	Middle Income Country
MINEP	Ministry of Environment and Nature Protection
MINFOF	Ministry of Forestry and Fauna (Cameroon)
MINPLADAT	Ministry of Economy, Planning and Regional Development (Cameroon)
MP	Member of Parliament
MRV	Measurable, Reportable and Verifiable
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NAMA	Nationally Appropriate Mitigation Actions
NAPA	National Adaptation Programme of Action
NCCACC	National Climate Change Activities Coordination Committee (Kenya)
NCCC	National Committee on Climate Change
NCCRS	National Climate Change Response Strategy (Kenya)
NEMA	National Environmental Management Agency (Kenya)
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
ONACC	National Observatory for Climate Change (Cameroon)
OPM	Office of the Prime Minister (Kenya)
PD	Paris Declaration
PEPFAR	President's Emergency Plan for AIDS Relief
PFMS	Public Financial Management System
PPCR	Pilot Program for Climate Resilience
RED	(Product) RED
REDD	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
SADC	Southern Africa Development Community
SCCF	Special Climate Change Fund
SCF	Strategic Climate Fund
SIDA	Swedish International Development Co-operation Agency
SPA	Strategic Priority on Adaptation
SREP	Scaling-Up Renewable Energy Program for Low Income Countries
UK	United Kingdom
UN	United Nations
UNCBD	United Nations Convention on Biological Diversity
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
USD	United States Dollars
WB	World Bank

EXECUTIVE SUMMARY

Countries in the developing world now have a plethora of funding available to them to support the response to climate change. And the number of funding channels is growing. The process that led to these funds being available is more than twenty years old, beginning with the Rio Earth Summit in 1992. Since then, we have learnt more about what the challenge of climate change will entail. In parallel we have also been building experience on how to make external finance for international development work (whether in the form of bilateral or multilateral assistance, or as private investment, or through other forms). This process became formalized as a result of the Monterrey Consensus in 2002 and led to the Aid Effectiveness principles articulated in the Paris Declaration.

This report considers climate change financing through the lens of these internationally agreed principles for making the most of external finance. It provides a synthesis of lessons from six case studies from countries across the continent including Cameroon, Ghana, Kenya, Morocco, South Africa and Tanzania. These six country case studies were chosen to be broadly representative of Africa as a whole. Together with a previous exercise in Asia, this exercise seeks to strengthen the global response to climate change.

Key Findings

Co-ordination and leadership at country level

a) Most case study countries indicate a domestic leadership deficit on climate change, allowing countries' response to be (in the main) driven by international requirements and institutions, not necessarily linked to national priorities.
b) Where leaders are taking their countries forward on parts of the climate change agenda, they do so through other (more immediate) priorities, such as ensuring the security and diversification of energy, or food production.
c) While the international architecture has required countries to have specific national institutions, it is notable responses to climate change only become coherent when the core functions of government (e.g. the office of the President/Prime Minister, the Ministry of Finance) become actively involved.
d) Implementing an effective response (and making the most of available funds) requires several elements to be in place in each country's system; an overall policy framework that sets the country vision and integrates it into development processes, targets and budgets, the enabling action plans and legislation to make these real, appropriate and functioning institutional arrangements, and a mechanism of accountability that ensures achievements. No country yet has such a comprehensive approach, and the rate of progress towards this varies considerably.

Access to finance

e) A common theme in the case studies is that recipients have had to conform to funders' requirements, rather than funders respecting recipients' budget cycles, priorities and systems.
f) Indeed, characteristics of the external funding may create unhelpful incentives that work against funders aligning with national systems. International organisations' offers of finance are often time-bound, creating pressure to bypass local arrangements in order 'get working on the ground'.
g) Climate change finance is poorly integrated into local budgets. This is partly a result of weak country capacity, partly a result of not knowing how to define climate change.
h) While the OECD has specified what mitigation and adaptation activities are (the 'Rio Markers'), further clarity on how to define climate change financing is required. There is no common definition of 'additionality' between all funders, nor a commonly agreed method how to identify activities in budgets ('earmarking').
i) Given that most of the funds are executed in global capitals, concerns remain about the predictability of finance. Indeed more than one country commented global funds were often like a '*mirage*', always further in the distance, the amounts varying, but never arriving.

Donor co-ordination and requirements

j) Co-ordination between funders needs to be improved in country. For instance, there was no clear evidence from any of the case study countries that all funders of climate change assistance sit with government on a regular basis to co-ordinate funding.
k) Having an updated, transparent mapping of finance is a pre-requisite for effective harmonization. Unfortunately, while funders in some countries have carried this out this was by no means the case in all countries. Similarly, governments are not always aware of the external financing for climate change activities.
l) The Paris Declaration requires donors and partner countries to make a joint commitment to manage for development results. Similarly, a condition of all dedicated climate change financing under the UNFCCC is that actions should be measurable, reportable and verifiable (MRV). None of the case study countries yet had coherent and comprehensive national results frameworks that link climate change finance to objectives (though some had plans to put them in place).

Accountability

m) Accountability to funders was more in evidence than accountability to recipients or beneficiaries. In practice, global financing mechanisms and international requirements often focus the attention of funders away from the recipients' needs. Externally driven mechanisms, including the need for continual reporting to headquarters, take precedence over the sharing of information at the national level.
n) Civil society organizations in all the countries were not yet organised around climate change. The role of the media can be further strengthened, especially as a pattern of liberalization of sources and content continues, as can the role of Parliament and other bodies.

The report suggests recommended actions These are organized for their key recipients.

The challenge for countries

- *Understand the opportunities and the threats to achieving domestic development objectives from climate change.*
- *Overcome the leadership deficit on climate change.*
- *Do not allow a few individuals to act as gate-keepers to international funding, knowledge or access.*
- *Strengthen domestic oversight appropriately for each context.*

The challenge for governments

- *Incorporate climate change fully into national plans and programmes.*
- *Ensure that the core parts of government (notably the Ministry of Finance and President/Prime Minister's Office) drive the agenda.*
- *Make sure there is enough capacity to serve each country's needs, not just the reporting requirements of the international system.*
- *Using internationally agreed definitions, put tracking systems in place that can collect appropriate data on what is being spent, where, and by whom.*
- *Capture all sources of funding.*
- *The only way for countries not to be reactive to donor requirements is for them to be clearly in control of the processes of development in their countries.*

The challenge for international funders working in country

- *Transparently map all finance; publish it for each country in Africa and keep updated.*
- *Establish pooled funding mechanism for climate change finance.*
- *Start from the recipients' priorities and support this agenda with climate change financing, rather than the other way round.*
- *Fit disbursement cycles to recipients' budget processes.*
- *Use domestic reporting systems where possible, simplify and streamline where not.*
- *Fund when you say you will.*
- *Put formal agreements in place to harmonise funding*
- *Delegate to local offices if at all possible.*

The challenge for global institutions

- *Prioritise the clarification of global definitions of what is climate change finance and how to 'earmark' it.*
- *Work harder at ensuring there is a clear division of labour between institutions at the global level.*
- *Rationalise funding channels, ideally into single mechanisms for each region.*

INTRODUCTION

“Our planet is under growing strain. We need a practical, 21st century model of development that connects all the dots between poverty reduction, climate change, food, water, and energy.”

Ban Ki Moon, Summit of African Union January 2011

“It is disruptive, and practically and conceptually confusing, to attempt a rigid and comprehensive separation of elements of investments in physical or human capital which are marked for ‘development’ or ‘adaptation’.

Many of the poorest people in the world will be the most exposed and vulnerable to the impacts of climate change that will occur over the next few decades…There is a fundamental inequity here and a strong imperative for the rich countries to provide more funds to developing countries, in addition to current development commitments, to fund the extra costs created by climate change. This is in the rich countries’ direct interest as well: as Archbishop Desmond Tutu argued ‘the problems of the poor will arrive at the doorstep of the wealthy, as the climate crisis gives way to despair, anger and collective security threats.'”

Lord Nicholas Stern, 2009

This report

This seeks to strengthen the country and regional responses to making climate finance more effective. It concentrates on the role of the governments and external funders to co-ordinate funding in accordance with international principles developed over the last decades for aid effectiveness.

It was jointly commissioned by the OECD/DAC and the African Development Bank. It provides a synthesis of six case studies from countries across the continent (Cameroon, Ghana, Kenya, Morocco, South Africa and Tanzania[1]). It considers climate change financing through the lens of the internationally agreed Aid Effectiveness principles, focusing on whether countries are well placed to utilise the funds available.

The report will be a key resource for discussions that will take place at a conference to be held in Nairobi in September 2011. The objective of the conference is to develop the thinking of funding agencies and recipient countries on how best finance can be accessed and utilized to address the challenge of responding to climate change.

It follows from (and is coordinated with) a similar piece of work undertaken in Asia, initiated by the Bangkok-based Capacity Development for Development Effectiveness (CDDE) facility[2] of UNDP, also in collaboration with OECD/DAC. It is likely that further regional studies in the Pacific and the Americas will also be developed, building a body of knowledge that can be used globally.

The approach

A rapid assessment of climate change financing and aid effectiveness was undertaken during the first quarter of 2011 in the 6 case study countries. A common framework was used (see annex 1) for each of the studies. Fieldwork was undertaken by 5 people (some working on more than one case-study), each with complementary experience and skills relating either to climate change or development effectiveness. The methodology for each case study was similar; a review of documentation followed by questioning of key respondents either face to face or in writing, using the review framework as a reference. For South Africa questionnaires were also used. Findings were then collated in order to identify any emerging patterns or differences. The case studies are available separately.

[1] These countries were chosen by the commissioning agencies to represent the range of environmental, economic and political conditions found on the continent.

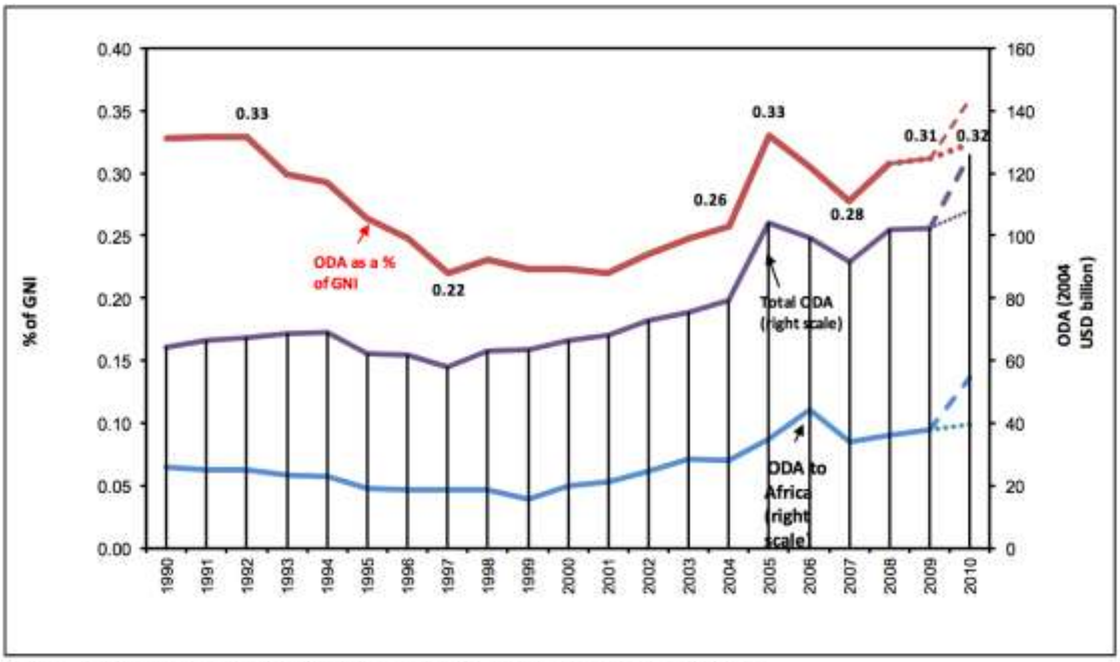
[2] Supported by the Asian Development Bank, Government of Korea, Government of Japan, Swedish SIDA. More information can be found www.aideffectiveness.org

This report summarises the findings in the context of the broader debates and understanding relating to climate change finance and the principles of providing external development support.

Financing development is changing

In 2005 the G8 countries pledged at Gleneagles, Scotland, to increase annual aid[3] spending from US$80bn to US$130bn per year by 2010. While assistance to developing countries reached record levels in dollar terms in 2010, it still fell short of these Gleneagles commitments.

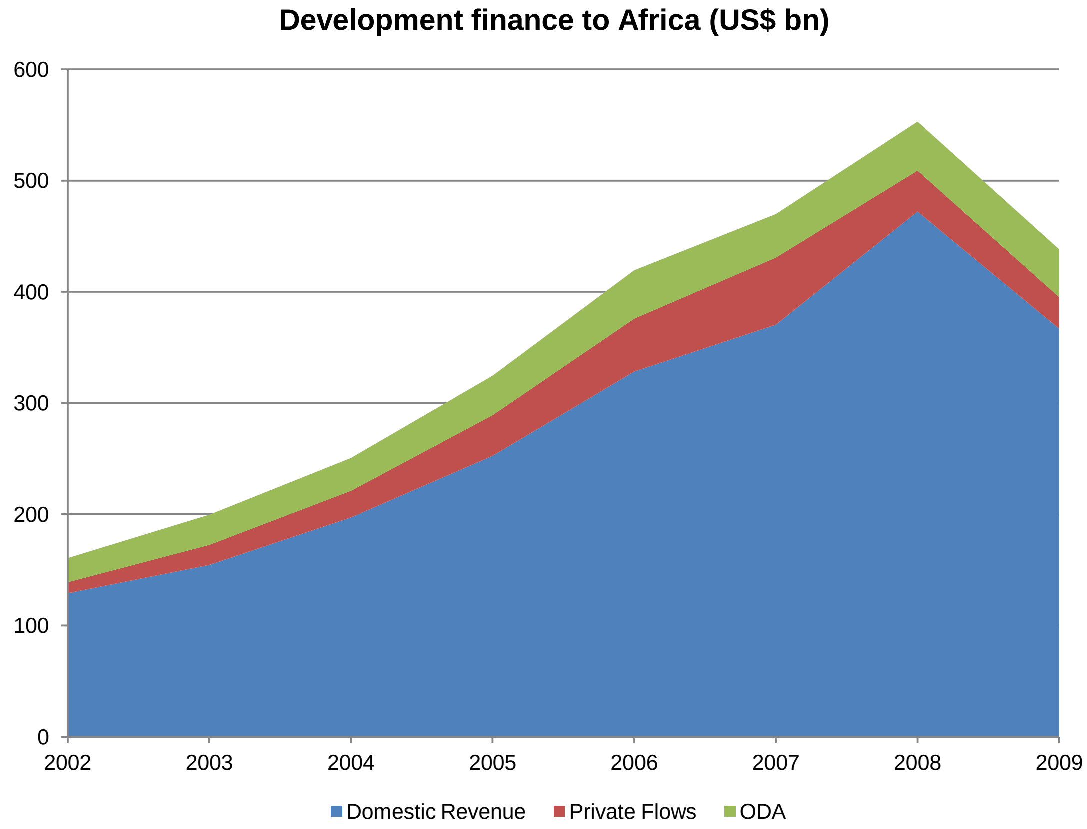
DAC Members' net ODA 1990-2009 & DAC Secretariat Simulations of net ODA to 2010



Note: —— dashed line indicates the growth-adjusted trajectory envisaged at Gleneagles.
........dotted line indicates estimates based on reported intentions or current 2010 budget plans made by DAC members.
........dotted line for Africa indicates a Secretariat estimate of likely actual spending.

Official Aid remains an important element in funding development. Yet it is only part of the finance available to African countries. Indeed ODA to Africa is dwarfed by domestic revenues (almost 9 times larger 2002-7) and almost matched by private flows (equalling 92% of ODA levels for the same period).

[3] "Aid" and "assistance" refer to flows which qualify as Official Development Assistance (ODA) or Official Aid (OA).



Source: OECD/ECA 2010.

The recognition that aid forms only one part of the ecology of development finance has been a driver for changing the way we think about how to best support development objectives. In the past, the focus was on 'aid effectiveness". Now, the move is towards 'development effectiveness'.

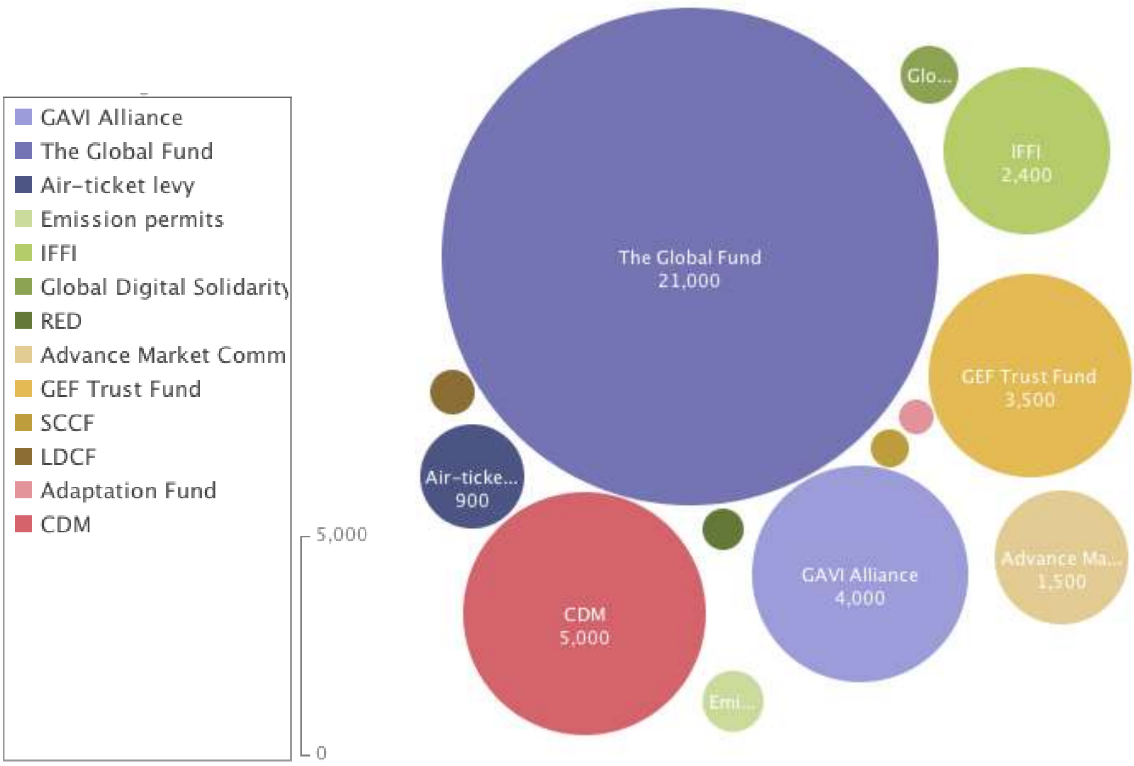
Aid Effectiveness	*Delivering aid to maximize its impact.*
Development Effectiveness	*Managing the development partnership to maximize the impact of all a country's development resources.*

This means broadening the dialogue between funders and recipients away from narrow aid delivery topics to more general issues of development policy. It is seen as a 'maturing' of the relationship between providers and recipients. A recent meeting[4] of African Countries noted that in Africa a concern for development effectiveness included building capable states, boosting democratic accountability, improving knowledge sharing, focusing on regionalism, embracing new development partners, and growing out of aid dependence.

[4] See Report on the Second Regional Meeting on Aid Effectiveness to Promote Development, Tunis November 2011.

As the way we think about development is changing, so the sources of external funding are becoming more fragmented. In addition to new bilateral donors emerging (notably China and Korea in Africa), new globally available funds are proliferating. Some of the largest relate to health (for instance The Global Fund to Fight AIDS, Tuberculosis and Malaria and the GAVI Alliance). Some are also not formally ODA, but voluntary funds (such as RED, which contributes to the Global Fund, and the Gates Foundation). Some have new characteristics, such as levies on specific transactions (the Air Ticket Levy and the financial transactions levy that has been proposed).

Selected innovative development funding mechanisms currently available (Total commitments to 2009 in $millions)



Source: OECD.[5]

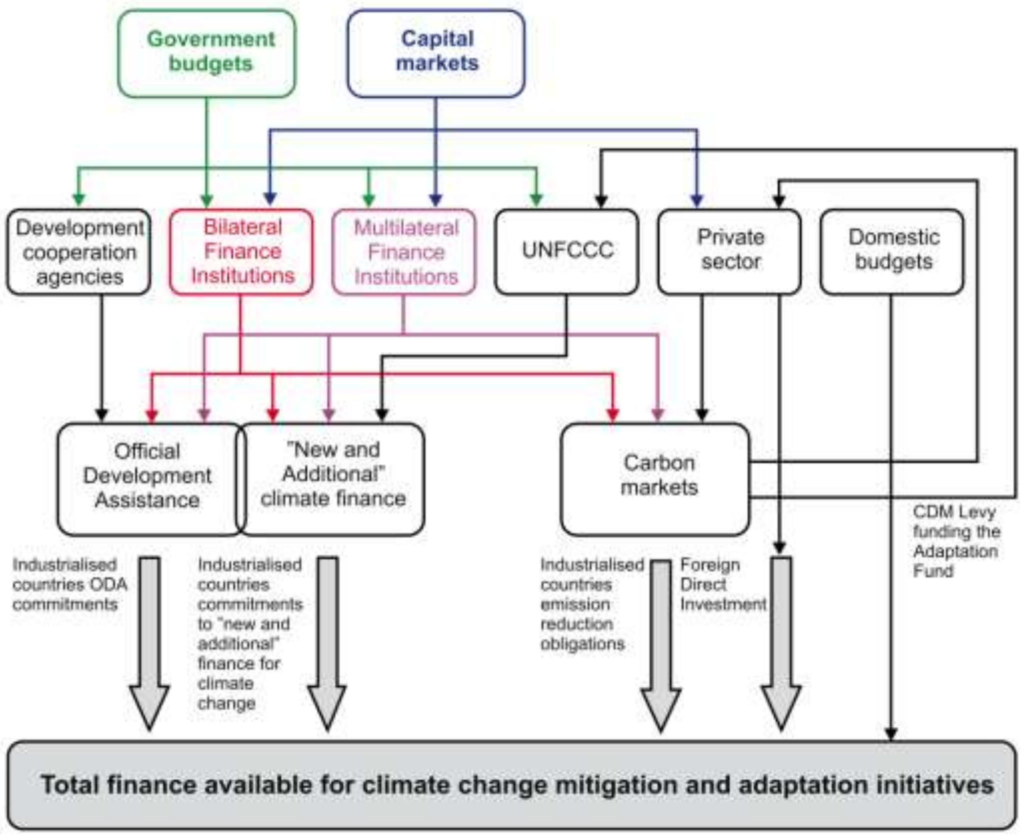
As can be seen, many of the new global funds also relate to climate change.

5 Development Challenges Issues Paper 2010-15, DCD/DAC(2010)6/REV2.

The sources of climate finance are many, and increasing

Countries in the developing world now have a plethora of funding channels available to them to support the response to climate change.

Financial and investment flows for climate change in developing countries



From A. Atteridge and others, *Bilateral Finance Institutions and Climate Change: A Mapping of Climate Portfolios* (Stockholm: Stockholm Environment Institute, 2009).[6]
N.B. NGO and private philanthropic funds may also be available.

And the number of funding channels is growing (for a summary of most of the options available to countries see the World Bank/UNDP website www.climatefinanceoptions.org).

The High Level Advisory Group on Climate Change Financing (AGF), which sought to rationalize funding, had its final meeting on the 12th October 2010 in Ethiopia. The AGF has noted that by 2020 the annual requirement for additional climate change financing would be US$100billion. At the same time, it is estimated that within five years the total number of special climate change funds will be over 100. The management challenge in enabling these funds to be as effective as possible is only going to increase.

6 See also the World Bank "Monitoring Climate Finance and ODA" Issues Brief Number 1, May 2010.

Global Climate Change Funds (2011)

Administrator	Fund	Adaptation	Mitigation	Global Pledge US$m	*Approved Funds to Africa to date US$m*
The Global Environment Facility (GEF)	GEF Trust Fund – Climate Change focal area (GEF 4)	✓	✓	$1,030	*$135*
	GEF Trust Fund – Climate Change focal area (GEF 5)	✓	✓	$1,150	*No data*
	Least Developed Countries Fund (LDCF)	✓		$262	*$95*
	Special Climate Change Fund	✓	✓	$149	*$28*
	Strategic Priority on Adaptation (SPA): Piloting an Operational Approach to Adaptation	✓		N/A ($50 deposited via GEF Trust Fund)	*$9*
World Bank	Clean Technology Fund (CTF)		✓	$4,400	*$601*
	Forest Carbon Partnership Facility (FCPF)		✓	$221	*$1*
	Forest Investment Programme (FIP)		✓	$558	*No data*
	Pilot Program for Climate Resilience (PPCR)	✓		$971	*$113*
	Scaling-Up Renewable Energy Program for Low Income Countries (SREP)		✓	$307	*No data*
	Strategic Climate Fund (SCF)	✓	✓	$1,800	*No data*
UNDP	Indonesia Climate Change Trust Fund (ICCTF)	✓	✓	$18	*$0*
	MDG Achievement Fund – Environment and Climate Change Thematic Window	✓	✓	$89+[7]	*$24*
	UN-REDD Programme		✓	$126	*$16*
African Development Bank	Congo Basin Forest Fund		✓	$165	*$17*
European Investment Bank (EIB)	The Global Energy Efficiency and Renewable Energy Fund (GEEREF)		✓	$169	*No data*
European Commission	Global Climate Change Alliance	✓	✓	$226	*$114*
UK	Environmental Transformation Fund – International Window (ETF-IW) (2008/09 – 2010/11)	✓	✓	$1,298*	*No data*
	International Climate Fund (ICF) (2011/12 – 2014/15)	✓	✓	$4,705	*No data*
Germany	International Climate Initiative (ICI)	✓	✓	$618	*$67*
Australia	International Forest Carbon Initiative		✓	$216	*$0*
Brazilian Development Bank (BNDES)	Amazon Fund		✓	$1,027	*$0*
Japan	Hatoyama Initiative	✓	✓	$15,000	*No data*
Asian Development Bank (ADB)	Climate Change Fund (Clean Energy Component)	✓	✓	$40	
Adaptation Fund Board	Adaptation Fund	✓		$216	*$80*
			Total	**$34,750**	***$1,228***

In addition to the number of global funds available, there is also a time imperative. International funders have identified that needs are urgent, pledging “Fast Start Finance” at COP 15. This resulted in a ‘race to spend’, creating incentives to disburse funds.

[7] In November 2009, additional EUR 400m pledged to MDG Fund by Spain – not specified how much will be allocated to the Environment and Climate Change Thematic Window.

Pledged fast start finance commitments (2010-2012)[8]

Donor Country	US$ bn Pledge
European Commission	0.2
Belgium	0.2
Denmark	0.2
Finland	0.1
France	1.8
Germany	1.8
Ireland	0.1
Netherlands	0.4
Spain	0.5
Sweden	1.1
UK	2.4
Remaining 12 EU member states	1.2
Australia	0.6
Canada	0.4
Japan	15
Norway	1
Switzerland	0.1
US	1.7
Total	**28.8**

Smaller fast start commitments:

Donor Country	US$ bn Pledge
Luxembourg	0.01
Malta	0.001
Portugal	0.05
Slovenia	0.01
Iceland	0.001
Total	**0.072**

It is still not clear how we define funding for climate change

While considerable global commitments have been made, a key problem hangs over the assessment of how well the funders and recipients make the most of climate change finance. Indeed, the key problem is we still have no clear way of defining what it is. For instance, funders have not agreed a common way of identifying how to capture *additionality*.

[8] (www.wri.org, last updated May 11th 2011).

Additonality

Climate Change finance is, in theory, additional to normal development funding. To be eligible for climate change financing from UNFCCC related funds, projects must be able to demonstrate two things; their additionality and that the impacts on carbon are measurable, reportable, verifiable (MRV). In Kyoto project-based mechanisms (i.e. the Clean Development Mechanism and Joint Implementation projects) additionality describes that a carbon dioxide reduction project would not have occurred had it not been for concern for the mitigation of climate change. It is thus beyond a "business as usual" project. To qualify for such funding, a project has to demonstrate additionality.

Additionality for climate change financing can also refer to donors providing funds beyond "business as usual" ODA levels, in order to enable communities and countries to adapt to climate change impacts. This means identifying the additional cost to development programmes and projects that adapting to climate change will require. It is also an area of considerable international debate, since developing countries argue (as they did at COP15 in Copenhagen) that this financing should not be classed as ODA.

Neither can we track how much we spend. Funders and recipients are not yet able to coherently identify (or earmark) the climate change component of funded activities. Where they are beginning to do this, their approaches are not standardized and only poorly comparable.

At the broadest scale, the international system has developed the definitions of 'mitigation' and 'adaptation'.

UNFCCC definitions[9]	
Mitigation	**Adaptation**
"In the context of climate change, a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Examples include using fossil fuels more efficiently for industrial processes or electricity generation, switching to solar energy or wind power, improving the insulation of buildings, and expanding forests and other "sinks" to remove greater amounts of carbon dioxide from the atmosphere."	"Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities."

But again, not all finance that is seen as contributing to the response to climate change can readily fit in either category; indeed much can be seen as both. As the DAC noted in July 2010, whilst COP15 committed funders to provide "new and additional" resources for adaptation and mitigation, it did not define what this meant, nor specify whether qualifying projects would need to

[9] See UNFCCC Glossary of Climate Change Terms.

have climate action as their principal, or only a significant, objective. This also makes capturing the quantum and range of climate funding difficult.

The OECD /DAC is now requesting funders to capture fund flows according to the following definitions.

OECD/DAC "Rio Marker" definitions[10]	
Mitigation	**Adaptation**
Definition	
An activity should be classified as a climate-change mitigation related (score Principal or Significant) if: It contributes to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.	*An activity should be classified as a climate-change adaptation related (score Principal or Significant) if:* It intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience. This encompasses a range of activities from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.
Eligibility	
The activity contributes to: a) the mitigation of climate change by limiting anthropogenic emissions of GHGs, including gases regulated by the Montreal Protocol; or b) the protection and/or enhancement of GHG sinks and reservoirs; or c) the integration of climate change concerns with the recipient countries' development objectives through institution building, capacity development,strengthening the regulatory and policy framework, or research; or d) developing countries' efforts to meet their obligations under the Convention. The activity will score "principal objective" if it directly and explicitly aims to achieve one or more of the above four criteria.	An activity is eligible for the climate change adaptation maker if: a) the climate change adaptation objective is explicitly indicated in the activity documentation; and b) the activity contains specific measures targeting the definition above. Carrying out a climate change adaptation analysis, either separately or as a n integral part of agencies' standard procedures, facilitates this approach.

It is yet early days for the use of these markers. While the World Bank is using the above definition, they are also developing their own methodology for tracking climate finance. The African Development has commissioned a process to define and track additionality. Until such time as all funders, notably the global funding agencies, develop clarity on what should be counted and how, it will not be possible to identify climate change finance with any consistency or certainty.

There is a further challenge. Most investments relate to investing in activities that deal with possible (not certain) climate change scenarios and impacts in the future. If we wait until we know what the precise impacts will be (for instance by observing the actual sea level rise) it will then be too late to respond effectively; we may already be under water. General development

[10] See OECD guidance such as http://www.oecd.org/dataoecd/24/22/47477193.pdf, http://www.oecd.org/dataoecd/1/45/45303527.pdf.

activities (e.g. the achievement of the MDGs and poverty targets) needs to be similarly 'future proofed' using appropriate investments now to ensure that future development is not impeded. This is termed the 'no regrets' approach, and requires management of uncertainty. It also requires that all development activities, whether identified as climate change related or not, are 'future proofed', which often will require additional funding.

We know what principles to follow if we want to make the most of external finance

After years of debate, the 2002 United Nations International Conference on Financing for Development in Monterrey provided the foundation of current international development co-operation arrangements. Signed by more than 200 countries, the Monterrey Consensus sought to ensure that all international finance for development is provided in a coherent way (whether in the form of bilateral or multilateral assistance, or as private investment, or through other forms). In particular, the Monterrey Consensus emphasised the need for a partnership approach between all stakeholders, and committed funding partners to increased financial support and technical cooperation, and recipient countries to prioritise development funding.

In 2003 the heads of the multilateral and bilateral development institutions deepened this commitment through the Rome Declaration on Harmonisation. It emphasised the need for all donors to work together in support of country-led priorities, and notably called for further delegated co-operation to donors' country based staff.

In February 2005, the Government of France hosted a High Level Forum of donor and recipient countries. It was convened to take stock of global progress in making aid more effective since Monterrey, and to identify the areas in which more could be done. Out of this meeting came the "Paris Principles".

In September 2008, a further meeting was held in Accra, Ghana restating the global commitment to aid effectiveness and the Paris Principles, and setting out an "Accra Agenda for Action". This sought to accelerate progress, particularly improving the use of partner country systems to deliver aid. Additional emphasis was placed on ensuring predictability of funding, that donors remove prescriptive conditions placed on how funds might be spent, and that all aid must be "untied" (free from restrictions on where goods and services which are funded by aid can be bought).

The Principles of the Paris Declaration

Ownership

Ownership is the foundational principle of the Paris Declaration. Development is something that must be done by developing countries, not to them. Policies and institutional reforms will be effective only so far as they emerge out of genuinely country-led processes. External assistance must be tailored towards helping developing countries achieve their own development objectives, leaving donors in a supporting role.

Alignment

Under the Paris Declaration, the principle of alignment refers to two important changes to aid practice. The first is that donors should base their support on the partner country's development priorities, policies and strategies ('policy alignment'). The second is that aid should be delivered as far as possible using country systems for managing development activities, rather than through stand-alone project structures ('systems alignment').

Harmonisation

Harmonisation refers to cooperation between donors to improve the efficiency of aid delivery. Donors are aware that multiple initiatives by different donors, each with their rules and procedures, can be very draining for developing country administrations. To reduce the transaction costs of aid, donors have been developing a range of new approaches, including programme-based approaches, pooled funding arrangements, joint country plans and other common arrangements.

Managing for results

Managing for results is a general principle of management that involves using information about results systematically to improve decision-making and strengthen performance. In the development field, it means ensuring that all development activities are orientated towards achieving the maximum benefits for poor men and women. It means ensuring that all initiatives, from individual aid projects through to national development strategies, are designed so as to generate performance information and use it for continuous improvement.

Mutual accountability

Mutual accountability is perhaps the most controversial of the Paris principles, and the most difficult to put into practice. It suggests that, in a true development partnership, there are commitments on both sides of the relationship, and both donors and partner countries should be accountable to each other ('mutual' accountability) for meeting those commitments. However, there are also many other accountability relationships involved in the development process that need to be taken into account.

One of the innovative aspects of the Paris Declaration is that the commitments are reciprocal in nature, applying both to donors and to developing countries. This is an advance on its predecessor, the Rome Declaration, where the commitments were all on the donor side, and to traditional aid practices where the obligations were mostly on recipients. Reciprocal commitments create for the first time the possibility of mutual accountability.

Indicators were developed to help assess progress in implementing the Paris principles and the Accra Agenda for Action. These are monitored periodically. In addition, evaluation of the implementation has been undertaken.

In 2010, the Dili Declaration by the G7+ countries emphasised that the principles needed to cover fragile and conflict-affected states. Dili committed signatories to the development of an International Action Plan on Peacebuilding and Statebuilding. The action plan will be tabled at the next High Level Forum (HLF), to be held in Busan in late 2011, where progress against the aid effectiveness agenda to date will be assessed.

The OECD has set out the success factors for taking the development effectiveness forward agenda.

> *"Busan will be a success if it achieves the following:*
>
> 1. *A broad partnership among nations at all levels of income and development, as well as private and non-governmental organisations, based on a clear division of labour and transparent communication.*
> 2. *A set of principles, founded on solid evidence, to guide the new consensus on development co-operation, together with a commitment to eliminate policies that present obstacles to achieving development results.*
> 3. *A revitalised global effort to achieve the MDGs and focus on the need for global public goods.*
> 4. *A recognition that the world's poorest and most fragile states need security and capacity, and that working with them means being willing to adapt modalities and to take risks.*
> 5. *An acceptance that people, no matter how impoverished, must be empowered to participate directly in the development process.*
> 6. *An acceptance that all participants in development efforts must produce measurable results, and that these results must be duly reported to citizens of all nations."*
>
> *OECD 2011.*[11]

It is notable that the Final 2011 International Evaluation of the Paris Declaration (which will be a key input to the Busan HLF) concludes that the lessons and implementation of the principles can offer a sound and transparent basis for the effectiveness of climate change funding. But it also indicates there is lack of thinking how to ensure coherence of these funds with a country's development objectives.

[11] See *OECD/DAC* http://www.oecd.org/document/54/0,3746,en_2649_33693550_46057868_1_1_1_1,00.html.

Final Report of The Evaluation of the Paris Declaration, May 2011

"*Financing to developing countries to combat climate change has emerged as a major and growing feature of international financing flows, possibly coming to rival Official Development Assistance in magnitude. It has many different strands and a great deal of further negotiation and institution-building to go through. It is clear, however, that these forms of financing will create many of the same challenges as have other forms of aid - perhaps even more - and yet there is very little coherent thinking or planning about adapting and applying lessons and good practices in effective aid to these new financing flows. Different institutions are involved in both partner and donor countries and internationally, and only the first tentative discussions have begun on how to anticipate and manage concerns about effectiveness. This is a critical issue of policy coherence and merits major attention at senior levels in the coming months".*[12]

And we also know there are specific risks associated with using global funds. Such observations are not restricted to climate change, as the World Bank noted in 2008.

"The effectiveness and the sustainability of global programs will ultimately rest on the presence of complementary sector-level and country-level policies. As noted in the 2006 Global Monitoring Report (p. 78), 'global funds need to support country-led strategies and priorities (...)'. A recent joint DAC-World Bank workshop (Paris, December 5, 2006) concluded that a 'mutually reinforcing approach" between global programs and the country-based aid delivery model should be developed, focusing on complementarities and strengthening the alignment of 'vertical' aid with country programs."

Extract from "A Brief History of Aid Institutions" World Bank 2008.

The following considers how well funders are aligning and harmonizing their climate change assistance, and how well recipient countries in Africa display ownership and leadership of the of climate change agenda, in the context of the Aid Effectiveness principles.[13]

[12] See http://www.oecd.org/dataoecd/4/56/48113888.pdf.
[13] See Annex 1 for details of the questions used in the case studies.

THE CASE STUDY COUNTRIES

The six case study countries Cameroon, Ghana, Kenya, Morocco, South Africa and Tanzania demonstrate a range of political, social and economic contexts, as well as institutional capacities both within and outside government.

They include the largest emitter of carbon dioxide on the continent, South Africa, which contributes 1.48% of global emissions[14] (ranking the 19th in the world). They also some of the lowest contributors; Cameroon and Tanzania each provides 0.02% of the global total. Ghana (0.03%) is also a very low emitter, as is Kenya (ranked 95th) with 0.04%. Morocco contributes 0.16% and is the 61st largest in the world.

Only one of the case studies have LDC status (Tanzania), although their range of economic and social development is considerable. Morocco is a middle income country (MIC) with a Human Development Index rating that places it 114th in the world, well in the classification of 'Medium Human Development'. South Africa, also a MIC is in the same category with an HDI country rank of 110th. All the other countries are classed as having low human development.

The countries have varied relationships with Official Development Assistance. Tanzania is one of the principal recipients of ODA globally with 1601 aid projects in 2007 (against the world average of 601)[15]. In contrast Morocco and South Africa receive less than 1% of GDP in the form of concessional finance and have been very careful in maintaining a distance from external finance if possible. Indeed, South Africa has stated an intention to develop the capacity to provide development assistance.

Political and administrative cultures vary. All the countries are parliamentary democracies, but some (such as Cameroon and Tanzania) see the President playing particularly strong roles in defining policy. Kenya and more recently Morocco have seen instability in recent years linked to demands for political reforms.

It is worth noting that the individual countries have limited power to influence the global "rules of the game" for climate change financing. The global mechanisms governing how countries access funds (for instance the Clean Development Mechanism, REDD, the Adaptation Fund, the Global Environment Facility Funds) are managed out of capitals in Northern countries. To date it is these institutions that have required specific responses from countries, if they wish to participate in global funding mechanisms.

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[14] UNFCCC 2007.

[15] See Emmanuel Frot and Javier Santiso, 2010, "Crushed Aid" Fragmentation in Sectoral Aid" OECD Development Centre Working Paper No. 284.

Projects funded in 2011 in each country case study country under global climate change financing arrangements:

Country	Current projects	Total value (US$ m)
Cameroon	6	6.25
Ghana	8	23.8
Kenya	4	9.68
Morocco	4	12.07
South Africa	13	487.18
Tanzania	8	24.61
Total	**43**	**563.59**

Current CDM activities:

Country	Approved CDM Projects	Approved Reductions[16]
Cameroon	2	193,462
Ghana	0	0
Kenya	3	456,823
Morocco	5	287,447
South Africa	19	3,247,426
Tanzania	1	202,271
Total	**30**	**4,387,429**

FINDINGS FROM THE CASE STUDIES

Ownership

All the case study countries are signatories (and therefore participants in) the international conventions and mechanisms such as the UNFCCC[17] and UN REDD.[18] They have also operationalised the Kyoto protocol. Not all, however, have signed the Copenhagen Accord (for instance respondents in Cameroon noting that the accord is "not right for Africa"). They are committed, on the international stage, to responding to the challenge of climate change. However, it is at best unclear in some of the countries whether the political and administrative system fully owns the agenda.

Is there leadership on the issue of climate change in Africa?

Most citizens in the case study countries do not yet see climate change as an issue requiring domestic political action. While they are increasingly aware of *climate related issues* (for example the changing seasonality of rainfall,

16 http://cdm.unfcc.int/Projects, Estimated emission reductions in metric tonnes of CO2 equivalent per annum.

17 Unted Nations Framework Convention on Climate Change.

18 United Nations collaborative initiative on Reducing Emissions from Deforestation and forest Degradation.

degradation of water sources, the impacts of soil erosion) their concern is not *climate change*, but what these particular environmental impacts mean for day-to-day existence.

BBC World Trust "Africa Talks Climate" Findings[19]

"*Climate change itself is not yet an organising concept for individuals in Tanzania and there is little awareness that climatic problems – now or in the future – are likely to have causes that extend beyond Tanzania."*

"There is a strong tendency for Ghanaians to hold themselves individually and collectively responsible for local changes in weather."

"*Many South Africans do not see climate change as having any special relevance to South Africa or the rest of the African continent… when prompted to think about the impacts of climate change locally, they link it to national issues which they are already concerned about, such as the loss of wildlife and increased flooding…Most South Africans tend to view climate change as a 'green' issue that only the wealthy can afford to worry about.*"

Few domestic demands exist from Africa's citizens to their representatives that they provide leadership on climate change. This lack of domestic political incentive, and immediate challenges for leaders that require urgent attention, has tended to result in a leadership deficit on climate change. This has allowed the response in the case study countries to be (in the main) driven by international requirements and institutions, which are not necessarily linked to national priorities.

It is significant, however, that where leaders are taking their countries forward on parts of the climate change agenda, they do so through other (more immediate) priorities, such as ensuring the security and diversification of energy or food production. In Kenya the move to diversify energy production and the challenges of environmental degradation have been the catalyst for national policies that contribute to addressing climate change. South Africa has the longest lived political commitment of the case studies, but it was only a crisis in energy production in 2008 that resulted in a concerted effort from policy makers to move forward on the agenda. Where political commitment integrates the response to climate change with other economic challenges and opportunities, then the greatest progress is being made.

"Acting now on climate change presents the best possibility to overcome the challenges of the global economic crisis through investment in pro-poor, job creating and sustainable green growth.''

Acting President of South Africa, Kgalema Motlanthe, 2009

An interesting observation of this is that country planning in the case study countries appears to favour mitigation *in practice* over adaptation activities,

19 The research looked at public understanding in ten countries. See http://africatalksclimate.com/ for details.

since mitigation activities are seen to provide greater economic opportunity (particularly in the area of clean energy production). However, countries (and particularly LDCs) are more vocal about the challenge of adaptation, and express a strong preference for international action on adaptation because of the differential impact of climate change on poorer economies.

> *"Adaptation is the only response available for the climate change impacts that will occur over the next several decades before mitigation measures can have an effect."*
>
> **Lord Nicholas Stern**

Is climate change integrated into existing planning processes?

The case study countries comply with international institutions (notably to the UNFCCC) requirements for reporting, such as producing national communications and having national plans. Article 3.4 of the Kyoto Protocol urges signatories to incorporate climate change into national development planning. The Bali Action Plan of December 2007, delivered by the UNFCCC at the 13th Conference of Parties (COP13) went further, urging developing countries to integrate adaptation actions into sectoral and national planning and programmes. However, the real level of integration of climate change into governments' own policies and activities is mixed.

Cameroon

Cameroon's national development plan, the Vision 2035, focuses on the need for improved governance, enhanced economic growth and employment, and increased social unity and development. The Cameroonian government has yet to develop a policy framework that sets out objectives in responding to climate change. While the medium-term Growth and Employment Strategy (GESP) says "*the effects of climate change will be examined in the planning, programming and budgeting phases, in order to sufficiently mainstream them in the economic and social development process",* this is not yet happening.

Ghana

Climate change merits a chapter in the national plan, the medium term Ghana Shared Growth & Development Agenda. Policies relating to climate change are not yet developed or integrated into the work of line ministries and their sector programmes. A national climate policy framework is under preparation by the National Climate Change Committee.

Kenya

Kenya launched its long-term development plan, the Vision 2030 in 2008. This does not set out the relationship of climate change to national development although it is intended this link will be made after the 2012 elections (if Parliament agrees). Equally the current Medium Term Plan (MTP 2008-2012) and Vision 2030 flagship projects largely overlook climate change. In 2010 the Government of Kenya launched its first climate change strategy; the National Climate Change Response Strategy (NCCRS).

South Africa

South African political commitment to address climate change has the longest life of any of the case-study countries. Beginning with the 2004 National Climate Change Response Strategy initiated by the Cabinet, a complex process involving civil society and business has led to a raft of national agreements such as the 2009 Business Plan for the Clean Technology Fund (with much incentive arising from the electricity generation crisis of 2008). A National Climate Change Response Green Paper was drafted in preparation for a national act to be legislated as the 2010 National Climate Change Response Policy. The issue is now integrated into national and local policy processes (and political manifestos).

Implementing an effective response (and making the most of available funds) appears to require several elements to be in place in each country's system; an overall policy framework that sets the country vision and integrates it into development processes, targets and budgets, the enabling action plans and legislation to make these real, and a mechanism of accountability that ensures achievements. So whilst parts of these elements are evident in most countries, none yet has a comprehensive approach, and the rate of progress towards this varies considerably.

What institutions drive the national response?

The international architecture has (in operation) required countries to have specific national institutions for some time (e.g. a National Focal Point and a National Climate Change Committee[20]). However, these alone are insufficient to enable a comprehensive national response.

In most of the case study countries, the government agencies that relate to the international climate change institutions are relatively weak; Ministries of Environment or National Environmental Management Agencies or Ministries of Forestry (the typical hosts of the designated national authority or focal points) tend not to be strong, either politically or administratively. They are unlikely to be able to hold other line ministries to account for the climate change policies and plans that they, as the international systems designated national focal points, usually draw up. It is also notable that in all case study countries varying levels of role confusion exists on who is responsible for what. A common theme through all the case studies is that the (usually small) national capacity on climate change spends much (and in some cases almost all) its time serving needs of the international system for reporting and dialogue, to the detriment to date of building national responses.

[20] As set out under Article 6 of the Kyoto protocol. See the Joint Implementation Rule Book website for details http://www.jirulebook.org/3245.

In **Cameroon** the UNFCCC focal point and designated national authority (DNA) for the Clean Development Mechanism (CDM) are both housed in the Ministry of Environment and Nature Protection (MINEP), although in different departments. MINEP also chairs the National REDD Steering Committee with the Ministry of Forestry and Fauna (MINFOF) as vice-chair. The level of coordination and synergies between these focal points is questionable; there appear to be coordination challenges between MINEP and MINFOF. A 2011 report by the Centre for International Forestry Research notes 'the coordination tragedy' of institutions in Cameroon and sets out three examples that hinder government coordination around the REDD+ process. These include a tendency for each ministry to seek full control over its own niche, a high number of weak and non-functioning inter- and intra-sectoral coordination committees, and the instability brought about through regular ministerial reorganizations.

The following sets out some of the key institutional elements that are (or could) have a role in managing the response to climate change in the case study countries, focusing on the national level only.

Characteristics of the National Management of Climate Change

Institutional Elements	Cameroon	Ghana	Kenya	Morocco	South Africa	Tanzania
CC Integrated in national development strategy	☑	✓	×	×	✓	×
National CC Committee defines policy	×	✓	☑	☑	✓	☑
Enabling Legislation in place (CC Act)	×	×	☑	×	☑	×
Operational National CC Strategy	×	×	✓	✓	✓	×
Operational National CC Action Plan	×	×	×	×	✓	×
National CC Results Framework in place	×	×	×	×	×	×
President/Prime Ministerial level active co-ordination	×	✓	✓	×	×	☑
Parliamentary Committee providing oversight	×	☑	☑	×	☑	☑
Finance/Treasury CC Specialist CC Unit	×	✓	✓	×	☑	×
Tracking system captures all CC funding	×	×	×	×	×	×
CC Desks in each ministry	×		☑	×	×	×
Donor coordinating group of all funders in place	×	☑	☑	×	×	☑
Donor-Government Round table with all funders	×	×	×	×	×	×
UNFCCC Focal Point	✓	✓	✓	✓	✓	✓
REDD Focal Point	✓	✓	✓	✓	✓	✓

✓ In Place
☑ Nominal, partially implemented or incomplete
× Not in place

It is suggested that for a country to have a comprehensive and effective response to climate change that is able to make the most of the international finance available, the majority of the elements set out above are likely to be required (and this general list is not comprehensive for each context).

Climate change is a truly cross-sectoral issue, requiring many stakeholders to be involved, and to be held to account. However, all case study countries were taking time to effectively integrate climate change activities and funding across all government departments, and to hold them to account for achievement. While contexts differ and this may illustrate broader governance and capacity deficits, given the challenge of climate change and potential funding available it is perhaps surprising this is taking some time to put in place.

Cameroon
Leadership has rested within the Ministry of Environment and Nature Protection (MINEP). In 2005 the government provided a First National Communication to the UNFCCC and in 2010 prepared a set of Nationally Appropriate Mitigation Actions (NAMAs). Progress has been slow in building momentum for climate change across government. In December 2009 the President signed a decree that set out the functions for a new National Observatory on Climate Change (ONACC) to be established under MINEP. At the time of writing ONACC is not yet operational.

Kenya
Since 2008, national leadership for climate change has been anchored in the Office of the Prime Minister (OPM) and is coordinated through an Environment and Climate Change Unit (ECCU), staffed by externally funded technical advisors. However, as the coordinating ministry for all environmental issues, the Ministry for Environment and Mineral Resources (MEMR) is responsible for coordinating climate change at the *ministry* level and interacting with the international system. A Climate Change Secretariat has recently been established within the ministry to strengthen this function and to oversee the technical development and implementation of the NCCRS action plan. Policy and overall accountability for climate change will continue to be driven by OPM (at least until the reorganization of government after the 2012 elections). Climate change "desks" have been established in each ministry but these have yet to impact much on climate awareness at the sector level.

South Africa
An Inter-Ministerial Committee on Climate Change oversees the Intergovernmental Climate Change Committee (IGCCC), which consists of the relevant government departments, with terms of reference to advise on the formulation of a National Strategy and Policy. A National Committee on Climate Change (NCCC) is a multi-stakeholder forum and advises the Minister. A Government Committee on Climate Change (GCCC) has also been set up to advise on matters relating to national responsibilities, composed of relevant government departments including Agriculture, Health, Housing, Local and Provincial Government, Minerals, Energy, Trade and Industry and Transport. The GCCC participates equally in the NCCC to strengthen the Government's position. It also sits to discuss proposed Global Climate Change projects, including proposals under the Clean Development Mechanism (CDM) and other flexible mechanisms.

Ghana
The Minister of Environment, Science and Technology champions climate change. There is a cross-sector and multiple-stakeholder National Climate Change Committee (which includes some MPs) and the theme is also formally overseen across the administration under the Environment & Natural Resources Advisory Council (ENRAC – officially chaired by the Vice President).[21] Whilst other consultative structures have also been established (notably the Carbon Credit Trading Committee) it is not clear how functional they are in practice and to what extent they truly encourage national ownership for climate change. By agreeing to channel funding through the Ministry of Finance and Economic Planning it could be early days in the development of a co-ordinated response.

[21] "Membership should be ten or eleven in number including Vice President, Ministers of Food & Agriculture, Local Government and Rural Development, Environment Science and Technology, Lands and Natural Resources, Finance and Economic Planning, Energy, Water Resources, Works and Housing, Representatives of the Private Sector, President of the National Hose of Chiefs and a Representative of Civil Society"

It is notable (and unsurprising) that as the quantum of available external finance becomes available, the role and interest of the core functions of government (notably Ministries of Finance) is increasing.

Alignment

Alignment addresses dual objectives. The first is to ensure that external finance is consistent with recipient Governments' development priorities and the second is to strengthen and use national budgeting, implementation and reporting systems.

The funding of climate change takes place in the context of the wider funder-recipient partnership. Monitoring surveys for achievement of overall Paris Declaration commitments indicate that (in all countries where monitoring took place) deficits remain in financial management systems. These can act as a disincentive to donors for their use (as they have in Ghana). That said, the 2008 Paris Declaration Baseline Survey for Tanzania (for instance) showed 84% of total general aid disbursements recorded in the government budget, indicating a good level of alignment between donor strategies and financing and government priorities (albeit a decline from 90% in 2006).

Do external funders support local priorities?

The story is mixed. If countries do not have coherent and comprehensive strategies and plans, alignment is necessarily problematic.

In **Tanzania** the lack of a focused national climate change strategy and the absence of climate change within wider national development policies, continue to hinder alignment of external climate change financing behind government priorities. However, donors have pledged (in principal) their commitment to increase alignment once a national climate change strategy is in place. Although this commitment is in line with aid effectiveness principles there is recognition that developing a strategy and actually implementing it are very different things. Donors would therefore like to see the strategy articulated into implemented action plans. On the other hand, the recent evaluation of UK and Irish Support to Tanzania notes that cross-cutting issues such as climate change have often been sidelined by donors in the context of the broader aid dialogue with government.[22]

Equally, if recipients do not have effective budgeting and management systems, alignment will be impossible to achieve. Without these activities inevitably becomes more supply driven and fragmented.

A common theme in the case studies is that recipients have had to conform to funders requirements, rather than funders respecting recipients budget cycles, priorities and systems.

Indeed, characteristics of the external funding may create unhelpful incentives that work against alignment. In Ghana, specialists in relevant ministries (e.g.

[22] Paul Thornton et al "Joint Irish Aid and DFID country programme evaluation, Tanzania 2004/05-2009/10".

energy and forestry) are fully aware of the potential funding available for climate change activities, which has lead to some friction between stakeholders as they position themselves in competition for these resources. Offers of finance are often time-bound offers, subject to pressure from international capitals to make spending happen quickly, and donors report they must quickly demonstrate tangible results through active projects on the ground. This has created pressure not to work through local priorities and systems.

Moroccan public sector institutions argue that each of the international funds has its own priorities and that Morocco is required to meet each of these in order to qualify. And all the agencies have different procedures; it appears that mechanisms are driving the projects rather than the other way round. It is also notable that the same rigour is applied to small grants as to large loans, which is onerous. Morocco would prefer a pooling of funds to support Moroccan priorities, with streamlined administration and systems between the different funds.

Do we know what is being spent on climate change?

Not well enough. A common finding is that countries simply do not have the capacity or the systems to identify all climate change finance, a problem significantly created by the lack of internationally agreed definitions and markers on what funding qualifies.

In Kenya, the government is currently unable to adequately identify and capture additionality within sector strategies, programmes and projects. A recent exercise to do so highlighted a lack of technical capacity in government for undertaking this type of budgeting. The Ministry of Environmental and Mineral Resources has since requested more robust costings for additionality, although no subsequent training or capacity development has since been undertaken within line ministries to define this. Where climate change financing is mainstreamed within larger sector programmes, for example in water and agriculture, the budget does not earmark or disaggregate climate change components. A small number of donors are also reported to provide off-budget funding for climate change. Thus no overall summary of total climate change financing exists for Kenya.

Cameroon is currently unable to track the amount of external climate change financing being provided to the country. A number of international tracking mechanisms highlight elements of the support being provided through global funds, for example for REDD but these do not provide a comprehensive picture on total climate change funding in country. Where external funding is captured on budget it is recorded at the project or programme level. Funding for climate change components or activities within wider projects is not disaggregated. A number of donors, both inside and outside of Cameroon, also provide funding for climate change directly to NGOs, particularly for activities across the wider Congo Basin. These funds are not captured within government systems.
Current efforts are underway to explore how Cameroon might track climate change finance in their domestic budget and Cameroon is currently considering whether to use OECD definitions for mitigation and adaptation to apply policy markers similar to the OECD Rio Markers to their domestic budget.

The lack of clear definitions can cause other problems.

Tanzania
There has been reluctance from government to discuss climate change financing, in part linked to a fear that existing ODA commitments will be 'diverted'. In the context of donors' recent relationship with government, where a proportion of the 2010 budget support allocation has been withheld, offers of additional funding for climate change are problematic. There is a live discussion between external partners and government about the efficacy of financial support and the willingness of government to implement policies and action in line with agreed commitments. The unfortunate misallocation of up to $30m Norwegian funding in the Ministry of Natural Resources and Tourism has been central to this debate, and has acted as a disincentive to some bilaterals to increase their allocations. In order to ensure future climate change financing is additional to existing ODA the government will need to take a stronger lead in building capacity for identifying additionality, strengthening reporting capacity and working with stakeholders to identify mechanisms for channelling future funding.

Do countries have the capacity to manage climate change finance?

Across the case studies, climate change finance is poorly integrated into local budgets and not comprehensively recorded or reported on. Over and beyond the definitional issues set out above, this appears to be (in large part) a capacity issue.

For instance in Ghana, the Ministry of Finance and Economic Planning has a dedicated unit dealing with climate change and environment/natural resources (as well as an oil & gas unit) and is keen to include climate change in national budgeting guidelines. Despite improvements in financial management systems, challenges remain, particularly in accounting and financial reporting.

Capacity challenges hamper Ghana's access to climate change funding

Ghana has recently failed to qualify as a National Implementing Entity for access to the Adaptation Fund. Within government there was some dismay at this failure. It appears that the submission to the Adaptation Fund Board may not have included some of the relevant institutional steps that Government was taking on climate change. However, difficulty in accessing documentation suggests a lack of dedicated resources, accountability and transparency about who had submitted what documents when, whether or not they had been quality assured. Donor partners were also unable to respond further since assistance had been offered to help with this and similar processes but had not been taken up. Measures are now underway to resubmit an application.

CDM and REDD

Ghana has not yet qualified for any CDM projects although there are a number in the pipeline. Government has pointed out `the perverse incentives of the international architecture, particularly the CDM.' Analysis of the CDM experience and structures in Ghana has indicated systemic weaknesses and overload on individuals that do not appear to be addressed in current Government discussion on its emerging carbon credit policy.

`We are not doing well in terms of accessing international funds. We will miss the Green Fund as well if we are not careful.'

Capacity within the Government is heavily dependent upon a small group of individuals with a high burden of responsibility in meeting international reporting and qualifying requirements, as well as servicing fragmented projects. This has an adverse impact on an ability to develop or implement at the national level, including integration of climate change into the national Budget guidelines. Officials are well aware of this paradox and have observed that *`a systemic response remains challenging.'*

Likewise in Cameroon, the Directorate-General for Cooperation and Integration at the Ministry of Economy, Planning and Regional Development (MINPLADAT) is responsible for the coordination of all donor financing. However, this Ministry is currently under-resourced and will need to be strengthened to support improved inter-ministerial coordination around external resources. In 2005 the government introduced an integrated public financial management system (PFMS) to improve monitoring of public commitments and expenditures. This system has enhanced the quality of monthly data on budget execution since 2005.[23] A medium term expenditure framework (MTEF) for construction, health, education and rural affairs has also allowed some level of synthesis between domestic and external financial revenues in these sectors and provides a mechanism for translating national development priorities into costed activities.[24] Further actions to streamline financial processes and disseminate the MTEF more widely are also ongoing.

The general findings from the case studies is that countries do not yet have the capacity to conduct accurate estimation of financing needs to address mitigation and adaptation, knowledge to design bankable projects to attract

[23] AfDB/OECD Africa Economic Outlook report 2007.
[24] AFRODAD report 2007.

CDM financing and experience to set up institutional arrangement for collective decision making in incorporating climate change in budgets and plans.

How predictable is climate change finance?

Given that most of the funds are executed in global capitals, concerns remain about the predictability of finance. This is a source of frustration to officials in Ghana who feel that they have complied with onerous reporting and institutional architecture requirements, but have yet to see significant resource flows, only smaller sums for international consultants to facilitate access to these bigger funds, that have acquired a '*mirage'* status, always further in the distance, the amounts varying, but never arriving.

Engagement with the Clean Technology Fund (CTF) in Morocco

Morocco is currently preparing its projects for CTF funding as part of the Climate Investment Funds (CIF). Morocco has not received funding from the Strategic Climate Fund. There are two main sources of funding from the Clean Technology Fund which are available to Morocco. The first is a regional allocation of $197 million (out of a MENA total of $750 million) which is focused on solar. The second is a national allocation of $150 million. Both are co-managed between the AfDB and World Bank. The national CTF has been slow to develop projects, but is now being focused on wind energy projects. Each Bank's systems are then used which sometimes entails needless duplication. It is expected that the CTF will leverage 3 times as much in lending from the banks (i.e. up to $450m for the national scheme).

CTF is flexible because it is based on a committee and not on rules. But this also limits predictability. The regional CTF allocation has been critical to initial investment in solar power, which could not have gone ahead without its backing. Linked to this, the AfDB is considering a policy-based loan focussed on climate change. This would combine policy elements for the reform of the sector with financing to provide the subsidy element required for solar energy. There is concern that if the CIFs are not replenished then there may be a gap in funding.

Fond Capitale Carbone (FCC)

The FCC was the first Carbon Fund to be established in Francophone Africa. It was set up by the Caisse de Depot et de Gestion in 2007 and Caisse des Depots and the European Investment Bank joined in 2008. The initial fund is Dirham 300 million for the period 2008-2017. Its aim is to acquire CERs in Morocco and then to trade them. The fund has been operational for three years but only one project has been signed. The processes for project preparation, approval, implementation and validation are proving extremely cumbersome. The Fund is finding that it takes 18 months to 2 years to get a project registered, and argues that these processes need to be simplified.

Most CDM projects worldwide are in the areas of renewable energy, energy efficiency, and fuel switching. Morocco has potential in all of these areas but there is need for greater technical and legal skills, and project development capacity. There is often fear about signing contracts, and uncertainty about the post-2012 environment also limits companies' willingness to invest. There is limited capacity to develop projects in Morocco. ONE retains a large measure of control and tender exercises can be slow (for example 15 months). As a country specific fund, FCC faces competition from international funds that are able to source projects from a range of countries.

Do all funders meet with government?

There was no clear evidence from any of the case study countries that all funders of climate change assistance sit with government on a regular basis. This was despite some countries (such as Ghana and Tanzania) having advanced donor-government arrangements including comprehensive joint assistance strategies. In part this reflects on-going debates about the nature of climate change finance (whether it should be part of broader ODA arrangements).

> In Morocco, there are perhaps 30 different donors. Many are small. Alignment and harmonisation are therefore difficult. Respondents noted that it was helpful, however, to have a diversity of donors with specialist expertise (for example the World Bank in macroeconomics and policy, AfDB infrastructure, KfW in carbon financing, and AFD in local development). Co-ordination meetings are held in the Environment sector twice a year led by Government. They tend, however, to be more about information sharing than joint planning and implementation.

The requirements of the international climate change system can cause a fragmented dialogue. In Kenya national focal points have been identified and are currently operational for the UNFCCC, REDD and CDM, all of which sit under the Ministry of Environment and Mineral Resources but in different departments. The focal point for REDD for example is housed in the Kenya Forest Service (KFS), a government parastatal agency, whilst the CDM focal point sits in the National Environmental Management Agency (NEMA).

In Cameroon there is currently no joint donor and government working group on climate change. A joint donor and civil society Consultation Circle of Partners (CCPM) meets monthly to coordinate development partner support to the forestry and environment sector and their respective ministries. Although government is not a member of this group it can be invited to participate on an ad hoc basis. A sub-sector group on climate change is currently being created. This group could provide an important platform for more strategic donor discussions around climate change.

Are public and private sources of funding working together?

We don't know enough yet. In Kenya, outside funding of large-scale energy-related projects, the potential for private sector financing of the response to climate change has yet to be properly explored by the government. The private sector is also yet to mobilize itself around climate change (rather than energy diversification) and no collective attempts have been made to align emerging interests in the energy, agriculture and horticulture sectors to the national strategy. Private sector participation in climate change is meant to be coordinated through the National Climate Change Activities Coordination Committee (NCCACC) but this forum is not yet meeting regularly.

Cameroon has yet to fully explore the potential for private sector funding for climate change although a number of steps have already been taken towards launching Clean Development Mechanism (CDM) in the country. A Designated National Authority (DNA) has been identified in MINEP and a website has been created with support from Carbon Finance for Sustainable Energy in Africa (CF-SEA), a Canadian based organisation. To date up to 10 project information notes (PINs) have been submitted to the World Bank's Community Development Carbon Fund (CDCF) although Cameroon is still awaiting implementation of its first CDM project. The government has blamed these delays on the high preparation costs for CDM and a lack of international support for this process.

Harmonisation

General international lessons indicate that donor harmonisation is problematic if a) donors cannot align behind a coherent partner government strategy and b) there is little delegation to local offices. As one donor respondent noted *"a lot of us depend as donors on having a [partner] government with a clear strategy (it's how we've been taught to work). Two things can be a problem; either what we have isn't a strategy, or where there is a strategy, we don't believe in it. That's more difficult, and not unique to climate change. What that leads to is a more fragmented approach."*

In practice, effective harmonisation of external finance demonstrates several elements; an updated, transparent 'mapping' of who is doing what, an agreement between funders to work in a harmonized manner (at minimum in principle, at best more formalised), mechanisms to communicate and share information between funders, and a clear division of labour.

Do funders wish to harmonise their assistance?

Generally the 'traditional' ODA funders (particularly the bilaterals) in the case study countries did wish to harmonise their activities, albeit to greater or lesser success. It is not clear that the various partners in many of the case study countries share common objectives in relation to climate change, with differences of priority and emphasis driven by the conditions of funding for the large global funds, and differences of emphasis (notably between mitigation and adaptation investments).

In Morocco, donors are less important than most of the case study countries, and whilst the desire for co-ordination is evident, few effective mechanisms are in place that enable harmonisation, rather a patchwork of co-operation exists around specific programmes. For instance there is trilateral co-operation between France, Germany and Japan in their programmes in the energy sector. Government chairs an environment group, but this tends to be a formal information-sharing body. Some donors felt that a donor-only group would be more effective. The Moroccan Agency for Solar Energy (MASEN) has introduced its own donor co-ordination meetings, to include both the multilaterals: WB, AfDB and EIB and bilateral agencies KfW/GIZ (Germany) and AFD (France). Monthly meetings chaired by MASEN have been proposed for this group, but these have been intermittent in the first part of 2011.

In South Africa, it is suggested that the greatest inhibitor to the harmonisation of external finance is not the desire of the funders, but the dispersed nature of country recipient and partner institutions (the IDC, DBSA, Treasury, line ministries etc).

In Ghana the Paris Declaration Monitoring Survey found that there is general lack of transparency in the way `non-traditional' or `emerging' donors like the BRICKs operate, with a recommendation that they `be brought on board in order to ensure that transactions costs are reduced significantly.'[25] At present they do not form a part of the donor grouping or reporting, ad hoc as it may be, nor do they participate more informally. e.g. at receptions and other events. This situation is not unique to Ghana, nor to climate change assistance.[26] However, this will become an increasingly important gap. Traditional donor partners may find themselves in a dialogue with each other whilst the centre of activity shifts elsewhere.

Do all donors have the same understanding of what climate change finance is?

Different approaches to identifying and capturing climate change finance were evident between donors. The key issue, however, is how to define what is 'additional' that makes climate change finance distinctive. In Tanzania there is currently no systematic approach amongst donors for capturing and reporting on additionality. Each donor has different requirements, often determined by their headquarters. DFID for example has recently established a central Global Climate Fund, mandated to monitor all of DFID's climate change projects and activities. DFID is therefore required to report back to this board on additionality within each of its country programmes. Other donors have a less rigorous approach to reporting, although this does not mean they take addionality less seriously in practice at the country level.

Few development partners in South Africa are addressing the challenge of capturing additionality. For example, all EU Member State 'green economy' contributions are currently identified as ODA only, without any inventory to capture the particular climate change contribution. Within the CDM process there are a variety of consulting firms that assist the Designated National Authority. Some individual partners do attempt to quantify total emissions reductions in funded projects, but only in terms of the 'substitution effect' on the drawdown from the national power grid of renewable pilots and investments, and these are apparently not aggregated anywhere.[27]

Does each funder know what the others are doing?

Having an updated, transparent mapping of finance is a pre-requisite for effective harmonization. Unfortunately, while funders in some countries have carried this out with a degree of success (South Africa, Ghana, Tanzania) this

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[25] Paris Declaration Monitoring Survey 2011.

[26] From aid effectiveness to development effectiveness: 2nd regional meeting on aid effectiveness - South-South cooperation and capacity development, Tunic November 2010, African Development Bank Group, Roundtable No. 6.

[27] Interviews; KfW and others. March.2011.

was by no means the case in all countries, and it was not clear that there were any examples where there would be a process of constant updating of the mapping to ensure that relevant information was immediately available.

In Cameroon only a small number of donors provide financing for specifically focused climate change projects; examples include World Bank and Japan. A joint development partner activity matrix for climate change is currently being finalised and is expected to provide a clearer picture of donor support to facilitate future coordination and reduce transaction costs for both donors and government. However, this matrix does not plan to include financial allocations.

In Morocco defining and identifying aid for climate change is seen as problematic. Climate change and environment are not discrete budget sectors and so climate change is an element in a huge range of interventions. Identifying budget items is also difficult because climate change does not fit easily in current UN standard classifications and Rio markers are not used. There is also no centrally-held information on donors, such as USAID, working directly with NGOs.

What mechanisms do funders use to work together?

Where harmonisation works well, donors meet regularly to share information and discuss strategy. In Tanzania, donors are currently coordinating support for climate change through the Environment sector Development Partner Group (DPG) which meets monthly. An externally funded secretariat position has helped to strengthen coordination of the environment DPG although interactions between the group and its government counterparts tend to operate on a more ad hoc basis. A joint strategic note sets out donor priorities in the absence of a strong government lead. Donors are optimistic that harmonization and co-operation is improving. A mapping study, finalised in early 2011, identifies where challenges and opportunities for scaling up climate change activities might exist. The mapping has identified areas of overlap.

A key element is that a lead agency acts as a convener of the funders. Ideally such a role would be formalized between heads of mission locally, in order to avoid misunderstandings. This had not yet happened in any of the case study countries. Co-ordination can work well if it emerges without this formal agreement; indeed the case studies provide examples where this was the case. However there were also examples where tensions had arisen between donors, with positioning to take the co-ordinating role continuing.

What is the relationship between headquarters and local offices?

A key element is that harmonization only works when communication is effective at local level. In Morocco, there have reportedly been problems in co-ordination between the World Bank and AfDB. Limited delegation of responsibilities for both Banks means that complex co-ordination is required.

This can also leads to delays in responses and difficulties in synchronising missions for multi-donor projects.

Kenya's experience was common in most of the case-study countries. Bi-lateral donors expressed concern that global financing mechanisms are often managed by headquarters outside of the country and thus struggle to deliver expected results on the ground. Respondents noted there was a need for strengthened coordination between international funding mechanisms such as GEF, REDD and CDM to ensure global funds work in consideration of one another at the strategic and implementation levels. Bi-lateral donors have acknowledged the need for increased harmonisation between different funding channels, although multiple international requirements and processes have continued to undermine their efforts. An example is Kenya's REDD programme which needs €10m to be fully implemented. To date only $3.4m has been provided by the World Bank. AFD, JICA and Sida, all of whom have offices in Nairobi, are aware of these financial needs and have expressed interest in providing some of the additional support required.

Is there a division of labour between funders?

A key element of harmonization is that funders do not duplicate each other's activities, but focus on what each is good at. It is notable that, even in the case study countries where advanced arrangements exist for general ODA (including clarification of divisions of labour, such as in Tanzania) many of the climate change institutions and funders have not been fully part of such a dialogue.

Division of labour in Kenya 2011

While to date there is no formal agreement for wider donor coordination (either in the form of a heads of mission statement or through the establishment of a formal donor group for climate change coordination), coordination has emerged informally. For instance, AFD has committed to supporting agriculture and energy, Japan forestry and water, Finland and the World Bank forestry through REDD, and Sida support to strengthen civil society engagement around climate change issues. Danida and JICA are also providing technical assistance to the OPM's Environment and Climate Change Unit, and AFD are supporting the National Climate Change Committee in MEMR. DFID is currently finalising a 'business case' for support to climate change which is expected to take a broad brush approach to strengthening climate change at a number of different levels, from engagement at the local level to support to regional programmes across East Africa. Respondents in Kenya indicated the building upon this emerging division of labour to further strengthen coordination should be a top priority for donors over the next couple of years.

In Cameroon no formal division of labour exists between funders of climate change in Cameroon, in part due to the relatively small number of active donors within the country. The majority of donors are putting their funding into the forestry sector, either through the FESP or through other non-climate change specific projects and programmes. A number of duplications were reported, for example the World Bank and AfDB are currently operating separate funds for forestry, the Forest Carbon Partnership Facility (FCPF) and Congo Basin Forest Fund (CBFF) respectively. Coordination around these separate mechanisms could be stronger.

Results

The Paris Declaration requires donors and partner countries to make a joint commitment to manage for development results. Similarly, a condition of all dedicated climate change financing under the UNFCCC is that actions should be measurable, reportable and verifiable (MRV).

The case studies indicate an opportunity to improve results management across the continent.

Do we know what should be measured?

Like the challenge of mapping assistance set out above, the fundamental problem of measuring results are definitional; what information should be captured. This is particularly the case since there is no common set of definitions relating to capturing additionality, particularly as it relates to adaptation.

Are there national frameworks for monitoring results?

None of the case study countries yet had coherent and comprehensive national results frameworks that links climate change finance to objectives (though some had plans to put them in place).

In Tanzania, the lack of a national reporting framework is largely related to the absence of a national strategy for climate change and the lack of inclusion in the government's national development strategies and priorities. To date results on climate change have been captured either by bi-lateral donors reporting on their individual or joint programmes or through reporting on global funding triggered by international requirements. No joint reporting by government and donors takes place.

Similarly, in Kenya, national level reporting on climate change currently occurs only where required to by external financing mechanisms or bi-lateral donors. At the wider development level there is ongoing debate around which of two national results frameworks should be used for monitoring progress towards the Vision 2030; the National Indicators Handbook launched by the Ministry of Planning in 2009 or the Sector Performance Standards (SPS) launched in 2010 by the Office of the Prime Minister. The Vision 2030 Indicators Handbook includes a National Monitoring Framework for Flagship Monitoring that measures progress against three climate change projects under the water and sanitation sector. This includes the establishment of three climate change databases to be coordinated by The Ministry of Environment and

Mineral Resources, The National Environmental Management Agency and the Kenya Meteorological Department. The Sector Performance Standards also recognises climate change under the Medium Term Expenditure Framework sector of ‘environment, water and sanitation’. As this indicates, fragmented approaches to results management are common in the case study countries.

Who is responsible for reporting?

Reporting the achievements of climate change activities is usually seen as an external requirement. It is seldom linked to the budget process. There is little evidence of joint monitoring and reporting by funders and recipients.

For multilaterally funded activities the South African Department of Environment rely on the results framework and monitoring and evaluation processes conducted by the UNDP as a requirement of the GEF. Development partners have their own dedicated M&E and reporting processes, which reportedly ‘conflict’ with government and NGO systems (albeit these are becoming more harmonized). There is no single responsible national agency overseeing the monitoring of results of externally funded climate change activities. However, while overall government M&E processes have recently been centralised within the office of the Presidency, results of external support, and specifically external climate change investments are not integrated into this.

In Morocco, The Department for the Environment provides a focus for the collection of climate change data. Mitigation targets have been established on a sectoral basis and will be measured through Ministries. Funders tend to be somewhat disconnected from these approaches and there is need for an overall national framework covering both mitigation and adaptation that brings together both donor and government programmes.

In Cameroon it is expected that the NAPA, once completed, will provide a mechanism for capturing *adaptation* results from 2012. The role of collecting climate change results data will fall to under the planned National Observatory for Climate Change (ONACC). However, it is not clear whether or when the observatory will become operational and how long it might take for this reporting capacity to be built.

In Tanzania, reports such as the National Communication on Climate Change has largely been outsourced to Non-State Actors. The Institute for Resource Assessment at the University of Dar es Salaam has also been actively engaged in supporting the government on documentation for the REDD programme.

Is all funding covered?

A common finding is that there is a lack of information on expenditure from development partners who are providing ‘off-budget’ financing. Governments are not always aware of the external financing for climate change activities and will need to become better informed for national reporting to portray accurate results and challenges. In Kenya, the development of a government report card for donors on climate change finance and aid effectiveness could help to encourage improved information management systems between the government and donors in the future.

Similarly, private sector flows are not being covered. Countries, and donor funders, do not have clear information on what is being spent, and (crucially for the development of climate change in Africa) how much private capital is being leveraged by state and international resources.

Regional climate change programmes also pose a challenge to national level reporting on results as activities will not be confined to country borders. Zones such as the East African Community (EAC) and regular joint analytical work by the African Union could provide increased opportunities for tracking and reporting on climate change finance.

Mutual accountability

The Paris Declaration recognises that funding is more “effective when both partner governments and development partners are accountable, both to their respective publics and each other, on the use and management of resources to achieve development results”.

It is notable that none of the countries had mechanisms where all funders and recipients could sit together to agree and review together. It was also common to all case studies that there were concerns about the poor predictability of climate finance, a key element of mutual accountability.

Little incentive currently exists to actively develop collective accountability approaches. Rather the case study evidence points to a perverse incentive to use the power or resources that accompany climate change knowledge and financing in order to control the activities and flow of resources that currently exist, or may soon follow. This was particularly the case in some of the case studies, where a small number of powerful ‘gate-keepers’ maintain authority (and in some cases patronage) through such control.

Who is accountable for what?

Accountability to funders was more in evidence than accountability to recipients or beneficiaries. In practice, global financing mechanisms and international requirements often focus the attention of funders away from the recipients needs. Externally driven mechanisms, including the need for continual reporting to headquarters, take precedence over the sharing of information at the national level.

Parliamentary attention on climate change is poor in most of the countries. It is notable that few parliaments are actively engaging in oversight of climate change funding. Some work is underway, supported by external bodies, to support parliamentary associations, for instance in the SADC region. The focus is on the role of parliaments and their cooperation with ministries and civil society organizations.[28] However, ensuring oversight and accountability for the achievement of the objectives of external funding seems to be a low priority.

Equally, co-ordinated sectoral engagement with climate change issues by the Private Sector, for example around tourism and horticulture, is mixed. In South Africa and Morocco it is most advanced, with some engagment in Kenya.

General Confederation of Moroccan Companies (CGEM) and Moroccan Centre for Clean Manufacturing (CMPP)

CGEM is an association of over 3000 direct members and has links with 30,000 companies. CGEM has a strong vision for a "Green Morocco", led by private sector initiatives. In June 2000 CGEM and the Ministry of Industries jointly founded CMPP as a one stop shop for companies in Morocco seeking to access climate change funds. It has contacts with all the major donors. It promotes the adoption of green technology and production processes by existing companies, and supports the development of green industries in Morocco through technology transfer. Particular opportunities are envisaged in the areas of solar and waste treatment. Adaptation is less well developed, but are underway; particular concerns include the flooding of industrial areas especially in Tangier.

CGEM and CMPP argue that public sector institutions, both domestic and international, are ill-equipped to respond rapidly enough to private sector requirements. CMPP has been working with the national pollution reduction which is supported by funding from KfW. CMPP have found procedures for this fund to be very slow - one application submitted in July 2010 was still awaiting approval eleven months later CGEM wants to see the international funds and donors doing more to innovate and strive for excellence.

If the private sector was to mobilise around climate change it could provide a powerful body for holding governments to account on its actions and delivery.

What role does civil society and the media play?

Civil society organizations in all the countries were not yet fully organised around climate change. In Tanzania, only a limited number of Civil Society Organisations and Non-Governmental Organisations claim to advocate and work on behalf of the population. Social mobilisation and advocacy by national organisations has tended to focus on particular interests, for example on forestry and agriculture, often supported by international or internationally backed NGOs. However, links between these issues and climate change remain tentative in Tanzania, and monitoring of commitments and spending non-existent.

[28] The Association of European Parliamentarians with Africa (AWEPA) and the International Institute for Environment and Development (IIED) organised a Regional Seminar for the Parliaments of five SACU countries on 1-2 March 2011 in Cape Town.

In Ghana non-state actors have usually played the role of technical service providers to the state, for instance in the development of a national response to climate change. However, improvements in communications have strengthened advocacy networks and have helped to put the pieces in place for coordinated organisation at local and national levels around climate change. Funders, such as DFID and the Netherlands, are providing some funds for civil society to play this role since they see this as important in strengthening accountability.

The role of the media can be further strengthened, especially as a pattern of liberalization of sources and content continues. For instance, during the last decade, the media in Tanzania has advanced from being almost non-existent to providing an abundance of press, radio and TV outlets, the vast majority being privately owned. The media is developing a growing awareness around climate change, especially around the recent COP 15 and COP 16 meetings. The Journalists Environmental Associate of Tanzania (JET) has also networked and reported on sustainable development and environmental issues and includes climate change among its key concerns. JET is currently training other journalists on how to report effectively on environmental issues to strengthen media capacity in this area. There is considerable scope for further engagement by the media, particularly in relation to investigative reporting, and in demonstrating the links between local impacts and international causation.

THE WAY FORWARD

The case studies indicate that, whilst there is considerable progress underway, much still remains to be done to develop and effective approach to climate change finance in Africa.

The following sets out (for the relevant stakeholders) possible areas of action.

The Challenge for countries

- ***Understand the opportunities and the threats to achieving domestic development objectives from climate change.*** *Climate change is still an agenda driven out of global institutions and from Northern capitals. Yet it will do disproportionate damage to countries in Africa, and they also have great potential to benefit from new, climate-change related, investments. The perception that climate change is either a development fashion or too abstract an issue for attention will persist unless key decision-makers and influencers understand the risks and opportunities that it provides to Africa's development. Not enough still do.*
- ***Overcome the leadership deficit on climate change.*** *It is unlikely that citizens will demand action on climate change in the medium term in Africa. Taking the issue forward requires leaders who understanding what the challenges and opportunities are and can make action happen.*

- ***Do not allow a few individuals to act as gate-keepers to international funding, knowledge or access.*** *The international climate change finance system has privileged some individuals with specialist knowledge that is sometimes used for their own benefit, to the detriment of their country's development.*

- ***Strengthen domestic oversight appropriately for each context.*** *Specifically the role of parliaments should be increased, but also the media and other (formal and informal) institutions that provide scrutiny on government and donor action need to become further involved. As a minimum, all funding should be fully transparent and regularly publically reported (see below).*

The challenge for governments

- ***Incorporate climate change fully into national plans and programmes.*** *The provision of national climate change plans that satisfy the reporting requirements of international institutions should not be confused with putting real plans in place that integrate climate change activities into national policies for development.*

- ***Ensure that the core parts of government (notably the Ministry of Finance and President/Prime Minister's Office) drive the agenda.*** *If they do not, it is unlikely there will be much progress, no matter how engaged the National Focal Points or Designated National Authorities are. Inter-ministerial National Committees on Climate Change are not enough, unless they are chaired by powerful political and/or administrative figures who can hold others, notably line ministries and ministers, to account.*

- ***Make sure there is enough capacity to serve each country's needs, not just the reporting requirements of the international system.*** *Technical skills and capacity are needed, particularly around integrating and monitoring how climate change funds are spent within national budgets. More dedicated resources are required than is evident from the case studies.*

- ***Using internationally agreed definitions, put tracking systems in place that can collect appropriate data on what is being spent, where, and by whom.*** *Governments need to know what is being spent. If they cannot count it, they can't identify whether the right things are being done.*

- ***Capture all sources of funding.*** *Much funding from external sources remains off budget. Where it is not possible to integrate spending into national budgets, put shadow systems in place that allow all the project level information to be captured and collated so that decision-makers can readily see what is being done.*

- ***Take control of the process.*** *The only way for countries not to be reactive to donor requirements is for them to be clearly in control of the processes of development in their countries. This requires them to be more assertive in negotiations around particular funding flows.*

The challenge for international funders working in country

- ***Transparently map all finance; publish it for each country in Africa and keep updated.*** *As a minimum, all funders should be required to publish what they fund and contribute to a mapping of all activities in each country that is updated. This will assist both governments and other funders in minimizing duplication.*

- ***Establish pooled funding mechanism for climate change finance.*** *All countries suffer from fragmentation in how funds are provided. These could initially be managed externally if donors find this problematic, but with clear steps and processes in place to support ongoing financial reforms and fully hand over control to government once systems have been proven to work effectively. All funders should strive to fund through a single channel to each country,*

- ***Start from the recipients' priorities and support this agenda with climate change financing, rather than the other way round.*** *Too much assistance is donor or funder driven, with funders arriving to negotiate with governments having already defined what they will fund. Alignment behind local priorities has to be real to be effective. This is more than 'climate proofing' development. It is about looking at how climate change finance can actively support development objectives.*

- ***Fit disbursement cycles to recipients' budget processes.*** *Funders need to be smarter at aligning their funding process with the budgets of the countries they work in. This will encourage further integration with budget processes, but also support domestic management of funds.*

- ***Use domestic reporting systems where possible, simplify and streamline where not.*** *Current duplication of reporting and management requirements is both wasteful and unnecessary.*

- ***Fund when you say you will.*** *Poor predictability of funding not only undermines credibility, it makes effective budgeting and resource management difficult if not impossible.*

- ***Put formal agreements in place to harmonise funding,*** *using Heads of Mission level statements of intent where possible. Actively Resource funder co-ordination.*

- ***Delegate to local offices if at all possible.*** *Support will continue to be fragmented unless there is much more local co-operation as possible. This is extremely hard to make happen unless there is local representation.*

The challenge for global institutions

- ***Prioritise the clarification of global definitions of what is climate change finance and how to 'earmark' it.*** *Clarify the definitions so that all actors are counting the same things. In particular make sure that the large institutions (UN agencies, World Bank, other MDBs) agree a common standards framework that governs climate change finance.*

Without this basic set off common definitions, we will not be able to compare and report fully who is doing what.

- ***Significantly rationalise funding channels, and streamline processes of application (ideally so that each country only has to deal with one or two mechanisms).*** *Governments are already overburdened by the number of funding channels. The number is set to increase. It will be up to the international community to limit this growth, ideally considerably reducing the number of different finance arrangements. The most radical approach would be to simplify access to global climate change finance through a common procedure to used by all funds with a single reporting mechanism. Funding could still be from various sources, but the end user, the governments of Africa, would only have one application and reporting framework. Unified funds could be regional (i.e. for Africa, Asia etc.) rather than thematic across the globe, allowing management and execution to be closer to recipients, and significantly would enable countries to be actively represented on regional governance arrangements.*

Annex 1: Climate Change Financing and Aid Effectiveness: Country Analysis Framework

	Policy	Capacity	Incentives	Constraints
Ownership	• What is the political commitment to having a climate change policy? • Does the government have an overall policy framework setting out its policy objectives responding to climate change? • Is climate change integrated into national development plans? • Do line ministries have climate change policies and plans? • Are climate change actions identified in national and sectoral budgets? • What is the link between planning and financing for climate change at local, sectoral and national level? • Who developed the strategies (e.g. sector ministries, provincial authorities, specialized public agencies, legislature etc)? Which stakeholders were involved (private sector, civil society, media…?) • What is the relationship between international policy priorities and institutional requirements and national policies and structures (UNFCCC, NAPA, CDM focal points etc)?	• Who is responsible for formally co-ordinating policy and planning within the government for climate change activities? • Who is responsible for co-ordinating climate change financing? • What is the role, in operation, of the NCCC, MoE, line ministries, MoF, donor co-ordination agencies others? • Do the CC co-ordinating bodies have the appropriate authority to lead and co-ordinate cross government policy? • Do they have sufficient capacity to identify needs, prioritise plans and allocate financing? • Who is responsible for reporting and overseeing the flow of funds? Is there sufficient capacity? • To what extent will different stakeholders be involved in implementing and monitoring climate change actions (inside and outside government)?	• What level of awareness of climate change is there amongst the general citizenry? • Is there a political commitment? • What are the incentives for government to lead the agenda? • Do different parts of government (for instance MoE, NCCC and line ministries) have different incentives relating to climate change and its financing? • What mechanisms has the government put in place to promote and incentivize private climate finance?	• What inhibits climate change financing being co-ordinated across government? • Are the actions of international agencies and funders promoting domestic ownership? • What inhibit private climate finance?

	Policy	Capacity	Incentives	Constraints
Alignment	• To what extent is external financing provided in response to CC needs identified by government? • Is there a commitment from donors to align their CC activities with government plans? • Are donors implementing climate change activities outside government's policy priorities? • What are the modalities for assistance used by donors for cc activities? • What level of predictability is there to the public sources of climate change finance? • Are there annual or longer 3-5 year commitments? • Is the available funding sufficient to fill the financing gaps identified and costed in the national development strategy, sector or sub national strategies? Have additional sources of funding, including from the private sector, been identified that would help fill or bridge the gap? • To what extent are climate change finance instruments designed in ways that align with government preferences for financial instruments (eg budget support, programme based approaches etc) as well as existing aid policies?	• Do donors have a forum where they can discuss and agree all their CC activities with government? • Is there a mechanism for capturing and reporting on all CC financing provided by external partners? • Do government and local agencies have the knowledge and capacity to design and apply for external CC funds? • Are the GOC budget systems able to track climate financing (plan and execution)? • Can government systems identify additionality? • How will the climate change financing make use of procurement systems? • If finance did not make use of procurement systems for reasons of quality – what methodology for quality assessment was used? • What quality improvements will be supported to make use of the systems in future? • How will compliance with national environmental and social safeguards be ensured? • Have the responsible authorities the power and capacity to manage the implications of involving the private sector in climate financing?	• What are the donor incentives to align with government systems? • What are the government incentives to align cc financing with government systems? • Do the governance arrangements for donor funded activities arrangements allow for use of following local systems: (i) programme design, (ii) programme implementation, (iii) financial management and (iv) monitoring and evaluation?	• Are donors engaging in bilateral discussions outside the donor co-ordination mechanisms? • Do the governance and administrative requirements of international CC funds inhibit alignment? • What are the challenges in putting climate change within national plans and budgets? • Are project implementation units being established and to what extent are they parallel to government systems? • To what extent does earmarking of funding hinder alignment?

	Policy	Capacity	Incentives	Constraints
Harmonisation	• Is there, either formally or operationally, a specific commitment from external partners to co-ordinate funding for CC? • Is this set out in (for instance) a Head of Missions statement/MoU? • Is a single comprehensive programme and budget framework used for all sources of finance for climate change? • Is private finance subject to the same ex-ante coordination efforts with national climate change programmes and frameworks as public finance?	• Do donors meet together regularly to co co-ordinate their activities? • Is there an updated register of funded and planned activities? • Is there a formal process for donor co-ordination and harmonisation of donor procedures for any of the following systems as part of the governance arrangements: (i) reporting, (ii) budgeting, (iii) financial management and (iv) procurement? • Do donors have technical capacity on CC in country, or do they manage their CC financing from regional or international HQs? • How do donors capture additionality?	• What are the incentives from donors for and against harmonization? • Are the incentives different at local and regional/international level? • What are the government incentives for/against harmonization of donors? • Are these incentives the same for all government/donor stakeholders?	• What inhibits improved haromonisation of financing? • Do international modalities of financing inhibit harmonisation in country?
Results	• What results framework has been developed for measuring the impact of externally provided climate change finance? • What is the relationship to other results frameworks for national climate change programming and overall development policy? • Is private finance subject to the same ex-post monitoring processes as public finance?	• Is there a single responsible agency or a network of agencies capable of monitoring results of CC activities funded by external donors? • How will reporting of results take place?	• What are the implications for national results frameworks resulting from international standards for measureable, reportable and verifiable actions (MRV) on climate change?	• What constraints exist on capturing and reporting the results of CC funding?

	Policy	Capacity	Incentives	Constraints
Mutual Accountability	• What level of predictability is there to the public sources of climate change finance? • Are there annual or longer 3-5 year commitments? • What are the donor commitments to predictability of financing?	• To what extent are providers of climate change finance accountable to citizens in recipient countries? • Are civil society, the media and other other bodies outside government capable of monitoring cc funding?	• To what extent do governance arrangements allow for reporting to parliament and allow access to information for citizens with an interest in monitoring progress on climate change?	• What constraints exist for developing effective mutual accountability for CC financing?

Policy	Capacity	Incentives	Constraints
What policies are being implemented for adaptation to climate change? What is the adaptation component of climate change finance? What monitoring and evaluation framework has been developed for measuring the impact of adaptation projects in terms of reduced vulnerability to climate change impacts?	What activities are being implemented to build adaptive capacity to climate change? What is the adaptive capacity component of climate change finance? What monitoring and evaluation framework has been developed for measuring the impact of adaptive capacity projects?	What are the incentives to implement adaptation actions?	What constraints exist for developing effective adaptation and adaptive capacity projects and monitor their results?