

BETTER ACCOUNTABILITY, BETTER FINANCE

Consultation paper

Investing in Green Accountability
for people and planet

SEPTEMBER 2023



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ABOUT THIS CONSULTATION PAPER

This consultation paper was developed by the Blended Finance Taskforce with support from the World Bank's Global Practice for Social Accountability and the Transparency and Accountability Initiative. Drawing on expert interviews and analyses, the paper makes the case for Green Accountability: an approach to achieving more transparent, inclusive and representative decision-making across the lifecycle of climate finance commitments. The paper posits that Green Accountability should be embedded in the design and deployment of climate finance programs and solutions to achieve more efficient, equitable and demand-driven outcomes for people and planet. It also estimates the costs—economic, social and environmental—of failing to embed Green Accountability and identifies potential ways to adopt a Green Accountability approach across the climate finance ecosystem.

We offer this paper as a consultation document to foster engagement with key stakeholders on these critical issues and we welcome all comments and feedback. Insights and recommendations are based on desktop research, analysis of public datasets, expert interviews and consultation with key stakeholders.

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Contributors and their organizations do not necessarily endorse all findings or recommendations of the report.

ABOUT SYSTEMIQ AND THE BLENDED FINANCE TASKFORCE

Systemiq, the system-change company, was founded in 2016 to accelerate the achievement of the Sustainable Development Goals and the Paris Agreement by transforming markets and business models in five key systems: nature and food, materials and circularity, energy, urban areas and sustainable finance. A certified B Corp, Systemiq combines strategic advisory with high-impact, on-the-ground work, and partners with business, finance, policymakers and civil society to deliver system change. Systemiq has offices in Brazil, France, Germany, Indonesia, the Netherlands and the UK.

Systemiq serves as the secretariat for the Blended Finance Taskforce, which was launched in 2017 by the Business & Sustainable Development Commission to mobilize capital for the Sustainable Development Goals. The Taskforce brings together leaders from business, finance, development, policy and civil society to help overcome barriers to investing in high-impact sectors and geographies through thought leadership, convening and capital matchmaking.

ABOUT THE GLOBAL PARTNERSHIP FOR SOCIAL ACCOUNTABILITY

The Global Partnership for Social Accountability (GPSA) is a World Bank multi-donor trust fund that aims to support civil society and governments across the world to work together to solve critical governance challenges. It facilitates collaboration of civil society organizations with governments, and engagement of citizens in order to solve development problems, strengthen accountability and improve sector governance.

Through its grants, the GPSA facilitates collaboration of civil society organizations with governments, and engagement of citizens in joint, iterative problem solving in order to solve development problems and strengthen accountability. The GPSA theory of action describes this collaborative social accountability approach.

ABOUT THE TRANSPARENCY AND ACCOUNTABILITY INITIATIVE

The Transparency and Accountability Initiative (TAI) is a donor collaborative whose members envision a world in which people are informed and empowered, governments and corporations are open and responsive, and collective action advances the public good. Established in 2010, the initiative has evolved from a field-building role to a platform for funder learning and action. TAI's members bridge philanthropic donors (Chandler, Ford, Hewlett, Luminate, MacArthur, Open Society and Skoll Foundations) and bilateral agencies (the UK Foreign, Commonwealth and Development Office and USAID). Collectively, they have invested well over \$500 million in grant-making support to those fighting for a more open, just, equitable and democratic society—be that as anti-corruption watchdogs, open government champions, investigative journalists, facilitators of community voice or data rights advocates.

FOREWORD

BIGGER AND BETTER

We are living through the hottest year on record. Global temperatures have now exceeded the threshold which is “safe and just” for humans, disproportionately hurting the most vulnerable. Hundreds of billions of dollars and millions of lives and livelihoods are being lost due to climate-related natural disasters.

As we near irreversible tipping points, policymakers are paralyzed, caught between short-term domestic economic pressures and long-term choices about the future. And trust is at an all-time low, especially between providers of climate finance—largely Global North countries and institutions—and the Global South, where the majority of this capital will need to be deployed.

But the situation is not hopeless. Transforming the financial system is one of the most important levers we can pull to accelerate climate action. \$2.4 trillion is needed every year for climate action in emerging markets and developing economies, excluding China. Investment in technologies and companies which tackle the climate crisis can help capture new economic opportunities, create jobs and catalyze sustainable growth and development.

Hitting these targets will require a fivefold increase from current levels of climate finance. The good news is that much of this \$2.4 trillion can come from private investment in opportunities that are already—or soon will be—commercially attractive. “Technology tipping points” like cheap renewable energy are making low-carbon, nature-positive solutions investable, as their cost drops lower than that of their fossil-based alternatives. Even so, capital is not flowing fast enough or at sufficient scale to meet this need and capture these new opportunities. This is often because of a perception of high country-related risk, a limited pipeline and a lack of data.

Where capital is flowing, there has been a greater focus on quantity than on quality. However, unless climate finance is designed in the right way, it risks exacerbating existing inequalities or creating new ones. Throughout history, sudden large flows of financing like those following oil discoveries have often failed to benefit vulnerable communities and led to increased capture and corruption. The risk that climate finance will perpetuate this pattern is somewhat mitigated by the distributed nature of low-carbon infrastructure, but it still poses a real challenge.

More important is the need to ensure that climate finance is designed and deployed in a demand-driven way. Over the past decade, climate finance has often failed to deliver meaningful outcomes to avoid emissions and increase resilience to climate change because of an inefficient, insufficient and inequitable system in which capital is designed without the input and agency of key stakeholders.

Greater accountability—meaning a more transparent, inclusive and representative system—is critical if climate finance is going to move the needle. This is why we need a special approach—or “Green Accountability”—to drive a step change across the financial system: shifting agency from North to South; tackling waste and inefficiencies in the design of climate finance solutions; and improving outcomes across sectors, geographies and communities through more equitable and inclusive forms of design and decision-making.

The analysis in this paper suggests that a climate finance system which meaningfully integrates Green Accountability could save more than \$100 billion a year and avoid 3 gigatons of annual greenhouse gas emissions by ensuring capital is more effective (allowing for better project design and implementation), more efficient (avoiding mismanaged funds and unintended consequences) and more equitable (embedding social and economic justice, avoiding capture by vested interests and ensuring that solutions are fit for purpose and catalytic).

Ultimately, the trillions that will be spent on climate action in the next decade represent a unique opportunity for not just bigger, but also better flows. We cannot make the same mistakes as were made in oil, gas and mining in the past—namely a lack of transparency and meaningful participation. Instead, we envision a world in which climate finance not only reduces carbon emissions, but also addresses inequality and exclusion; reduces the perception of risk in emerging markets to accelerate investment; and supports a participatory and transparent architecture that puts people at the heart of the climate agenda. There is no downside to such a system. Green Accountability is the way to get there.

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KEY MESSAGES

Green Accountability is an approach to achieving transparent, inclusive and representative decision-making across the lifecycle of climate finance commitments. It embeds the principles of being demand-driven, transparent, market-building, responsive and accessible in all levels of governance. By meaningfully integrating the right stakeholders in decision-making, Green Accountability ensures better design of climate finance, leading to higher-quality, longer-lasting outcomes. By improving the quality of available data, Green Accountability can lower perceived country and counterparty risks, bringing down the cost of capital to unlock additional investment. And by shifting the focus from supply of climate finance to demand, this approach supports a more efficient and responsive set of solutions.

Preliminary analysis indicates that a climate finance system which meaningfully integrates **Green Accountability could save more than \$100 billion a year and avoid 3 gigatons (GT) of annual GHG emissions** by ensuring:

- I. Capital committed reaches the end user:** Today, 75% of committed climate funds are not deployed on time, delaying their impact and reflecting a high perception of risk, a limited pipeline and a lack of data.
- II. Capital is deployed in an efficient and equitable way:** Concessional resources are often allocated to programs which the private sector could invest; public capital typically mobilized less than \$1 of private finance for every dollar committed; and critical areas like adaptation are chronically underinvested.

III. Capital deployed achieves intended outcomes and impact: When poorly designed, programs can create new problems or exacerbate existing issues; one in six adaptation projects are at risk of maladaptation due to a lack of Green Accountability—increasing vulnerabilities to climate change, rather than reducing them.

Systematically integrating Green Accountability principles will help tackle critical issues which underpin an inefficient and inequitable financial system. Although global climate has increased substantially over the past decade, it is still far from the \$2.4 trillion per year needed for climate action in emerging markets and developing economies. Our analysis finds that \$1 spent on Green Accountability could unlock up to \$12 that is currently wasted and ensure capital is deployed efficiently and equitably.

Allocating just 5–10% of funds to ensure programs are designed and executed on the basis of Green Accountability principles would significantly improve the efficiency of climate finance, avoiding significant costs and wasted funds. This generally would not be new spend but rather a better use of funds already allocated to activities like stakeholder engagement and consultation.

Investing in Green Accountability will drive better climate finance outcomes for people and planet while using capital more efficiently. Equipping climate finance providers with an understanding of what Green Accountability means and which partnerships can help achieve it will be fundamental to realizing the benefits. Citizens and civil society will play a crucial role in co-creating systems for accountable climate finance that shift decision-making from a top-down model to a more inclusive approach and ensure it does not reinforce existing inequalities, ignore the interests of certain groups or give rise to unintended adverse consequences—in other words, that it does not solve one problem while creating another.

Emerging best practice demonstrates the impact of Green Accountability at work. Drawing on learnings from climate projects and the broader development finance community, and applying a systems-thinking approach, we have identified examples of Green Accountability mechanisms that could be replicated across the climate finance ecosystem. These include:

- 1. Governance mechanisms which integrate local decision-makers** to improve the upfront design of climate finance based on the demands of local stakeholders, ensuring meaningful agency in program design and implementation.
- 2. Open, transparent, comprehensive real-time data transparency channels** to track and monitor climate projects (from upstream to downstream level) that are accessible to civil society and citizens.

- 3. Multiple advocacy channels for civil society and citizens** to participate in all parts of climate finance, from planning to independent monitoring and reporting, including involvement and oversight of government accountability actors.
- 4. Direct access to climate finance for local stakeholders** to play an active role in implementation.
- 5. Empowerment of local intermediaries** to reach the most affected communities with lower transaction costs and more meaningful engagement; local intermediaries can provide the coordinating function for planning and delivery of financed projects on the ground.

The trillions that should be spent on climate action in the next decade offer a unique opportunity for not just bigger, but also better climate finance flows. The system should build on what is working and be honest about what is not, to help transition to solutions that are demand-driven, equitable and based on systems thinking. This paper outlines proven Green Accountability mechanisms that could be replicated across the system, drawing on learnings from other development spheres. The time is now to shift agency from the providers to the beneficiaries, to create a more fit-for-purpose climate finance system.



Green Accountability is an approach to achieving transparent, inclusive and representative decision-making across the lifecycle of climate finance commitments. It builds systems embedding the principles of being **demand-driven, transparent, market-building, responsive** and **accessible** across all levels of governance and engagement in climate finance.

Currently the climate finance system is not working – it is inefficient, insufficient and unfair.

<p>Less than \$1 of private capital is mobilized from every dollar of public capital</p>	<p>Around 75% of committed climate finance is not disbursed to projects</p>	<p>Less than 10% of climate finance goes to adaptation</p>
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Systematically integrating Green Accountability principles can help tackle these critical issues by:

1. Unlocking additional capital in the system by **ensuring capital committed reaches the end user.**
2. Unlocking more capital for the most critical sectors, geographies and beneficiaries by **ensuring capital deployed is used in the most efficient and equitable way.**
3. Improving the outcomes of capital deployed by **ensuring it does not have unintended negative consequences.**

Green Accountability could:

<p>Save more than \$100bn across all public finance</p>	<p>Reduce by ~20–45% of climate finance wastage</p>	<p>Avoid \$27–58bn maladaptation costs by 2030</p>
<p>Mitigate 3GT CO2e a year from avoided inefficiencies</p>	<p>Save \$3–\$12 of climate finance for every \$1 spent on Green Accountability</p>	

TRANSPARENT

Clarity on the sources of climate finance, in what form, with what conditions; spending should be transparent with mechanisms to account for, communicate and challenge results.

ACCESSIBLE

Processes to access climate finance should be simplified, with streamlined decision-making and standardization across providers to **reduce prohibitive transaction costs** which bias certain groups and exclude others from accessing climate finance.

MARKET-BUILDING

Deployment mechanisms should be domestic where possible to **build institutional capacity** and collective expertise across end-users and ensure climate finance is deployed systemically to avoid siloed solutions.

DEMAND-DRIVEN

Decisions on the design & deployment of climate finance should be made by the end-user (in partnership with the capital provider), responding to the needs of those most affected by climate change, ensuring solutions are fit-for-purpose.

RESPONSIVE

Climate finance should be flexible enough with **effective feedback loops** to adapt to changing needs and/or tackle poor outcomes to avoid unintended consequences across the life-cycle of the program.



BEST PRACTICES OF GREEN ACCOUNTABILITY MECHANISMS

1. **Governance mechanisms** which integrate local decision-makers to improve the upfront design of climate finance based on the demands of local stakeholders to ensure meaningful agency in programme design and implementation.
2. Open, transparent, real-time, and comprehensive **data transparency channels** to track and monitor climate projects (from upstream to downstream level) that are accessible to civil society and citizens.
3. **Multiple channels for civil society and citizens** to have an enhanced role in advocacy and independent monitoring & reporting.
4. **Direct access for local stakeholders** to access climate finance and play an active role in implementation.
5. **Empowering local intermediaries** to effectively reach the most affected communities by being the coordinating function for planning and delivery of financed projects on the ground.

01

CONTEXT

While global climate finance has increased substantially over the past decade, it still falls short of the amount needed to avoid the worst impacts of climate change and support adaptation and resilience in vulnerable countries. About \$2.4 trillion per year is needed for climate action in emerging markets and developing economies (EMDEs), excluding China. This is required for important investments in the energy system, transportation, sustainable agriculture, adaptation and loss and damage. The latest analysis estimates that we have now reached roughly 20% of the \$2.4 trillion per year.¹ This means a large scale-up in climate finance is required to achieve goals for climate-positive growth and remain in sight of a 1.5° pathway.

Unmet promises have eroded trust between the Global South and the Global North to an all-time low. Although it seems that developed countries' commitments to deliver \$100 billion per year have finally been reached in 2023, many see this as too little, too late.

Leaders at recent international convenings have called for "action," not "unfulfilled promises," challenging issues like double-counting and the unpredictability of financial support (citing a preference for ad hoc donor announcements linked to PR opportunities). This is a major concern for countries that need information in advance to plan climate programs and integrate them into domestic budgets and policy processes. Meanwhile, there is increasing pressure for donor countries to justify climate finance spending to taxpayers and demonstrate efficacy. There is a clear call for better accountability of climate finance at all levels, embedding inclusiveness, transparency and participation in decision-making to ensure that inflows of finance (quantity) are matched by reassurance that funds will be well spent and targeted at priority needs (quality).

While Global South leadership is growing, its role in co-creating systems for climate finance design and decision-making remains limited.

Civil society can provide vital input in co-creating systems for accountable climate finance, ensuring it does not reinforce existing inequalities, ignore the interests of certain groups or give rise to unintended consequences (i.e., solving one problem but creating another). Although awareness and leadership around this agenda are increasing, justice and accountability are not yet at the heart of climate finance decision-making. Often, civil society participation and engagement with community stakeholders are lacking, leading to poor outcomes. Participation is often treated as a formality or tick-box exercise rather than a powerful means to shape fit-for-purpose, demand-driven policies and programs. Moreover, "consultation" is typically viewed as a sufficient condition for participation, without considering different models to drive real involvement and ownership. The exclusion of civil society can also increase corruption risks (e.g., through a lack of transparency) and a lack of systems, international standards and institutional strengthening, which could be achieved through Green Accountability mechanisms.

Given the inherent limits to public climate funding in terms of availability and amounts, its effective and efficient use is essential. The existing reform agendas of the international financial system typically call for (i) the increased availability of public capital, (ii) the more effective use of existing public capital and/or (iii) new financing structures (e.g., carbon credits).

There will always be a limit to the amount of public capital available. Even if financing from multilateral development banks for climate were to double or triple, this would not fully close the gap to reach the \$2.4 trillion per year required.² This only increases the need for effective and efficient use of public capital, and for the accountability mechanisms that can facilitate this.

With the momentum for mobilizing capital at scale, now is the time to increase attention to inclusive, representative and transparent decision-making on capital deployment. The summit for a new Global Financial Pact in Paris revealed a broad consensus around the need to increase the mobilization of capital for climate and nature-positive growth in EMDEs. Leadership from Kenya's President Ruto and Colombia's President Petro was definitive: EMDEs are investment destinations with large-scale opportunities, provided the right governance and accountability mechanisms to attract private investment are in place. Without addressing governance and accountability, there is a risk that capital will remain unavailable—even for viable projects with the right risk/return characteristics. Instead, capital will continue to flow to jurisdictions with an established track record, clear rule of law and lower credit risk. Adopting a joint approach that considers both the supply and demand sides of governance will be critical in ensuring just and accountable climate finance—reducing carbon emissions, building resilience and ensuring climate finance supports inclusive and sustainable growth.



¹ Songwe V, Stern N, Bhattacharya A (2022) Finance for climate action: Scaling up investment for climate and development. London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science.

² Blended Finance Taskforce (2023), Better Guarantees, Better Finance

02

WHAT IS GREEN ACCOUNTABILITY

Green Accountability is an approach to achieving transparent, inclusive and representative decision-making across the lifecycle of climate finance commitments. It relies on transparent, participatory and just processes; low barriers to access; clear governance structures; and delivery systems that are responsive to the needs of people. Green Accountability enables those who are most affected by the climate crisis to be the agents of design, deployment and evaluation of outcomes.

It stimulates fit-for-purpose climate finance and lowers real or perceived risks of corruption and ineffectiveness.

Green Accountability builds systems which are demand-driven, transparent, market-building, responsive and accessible across all levels of governance and engagement in climate finance.

A. TRANSPARENT

It should be clear where climate finance is coming from, in what form and with what conditions. It should be accompanied by mechanisms to account for, communicate and challenge results—creating a growing evidence base on what works so that future climate finance decisions can be data driven and more impactful.

B. DEMAND-DRIVEN

Decisions on the design and deployment of climate finance should be made by end users (in partnership with the capital provider), responding to the needs of those most affected by climate change to ensure solutions are fit for purpose and equitable.

C. MARKET BUILDING

Deployment mechanisms should accelerate the development of the local real economy and financial sectors. Domestic deployment mechanisms such as local banks and intermediaries should be used where possible to deepen local financial and institutional capacity. This is needed to build domestic institutional capacity and collective expertise across end users and strengthen national systems, ensuring a coordinated, systematic approach to climate finance design and deployment.

D. RESPONSIVE

Climate finance should be flexible, with effective feedback loops to adapt to changing needs and/or tackle poor outcomes to avoid unintended consequences across the lifecycle of the program.

E. ACCESSIBLE

Processes to access climate finance should be simplified at all levels of governance and engagement, with streamlined decision-making and standardization across providers and technologies to reduce prohibitive transaction costs which are biased against certain groups and exclude others from accessing climate finance.

Green Accountability places those most affected by climate change at the heart of decision-making, giving them agency in the design, deployment and evaluation of climate finance outcomes.

The subsequent sections outline the case for Green Accountability, explore its potential impact and provide examples and case studies on proven mechanisms that could be replicated, contextualized and scaled across the climate finance system. Section 4 provides a more detailed overview of examples of Green Accountability measures.



03

WHY GREEN ACCOUNTABILITY

THE STATE OF PLAY OF GREEN ACCOUNTABILITY IN CLIMATE FINANCE

The accountability landscape for climate finance is fractured across all levels of governance and engagement. Existing transparency guidelines under the Paris Agreement³ and accountability standards were not designed to govern the growing flows of climate financing, especially for large-scale green infrastructure. Where they exist, principles for climate finance accountability, transparency and participation differ from one actor to another as definitions of climate finance's end uses (i.e., adaptation, mitigation, resilience) are classified differently.

Climate funds, bilateral agencies, philanthropic foundations and multilateral institutions have created patchwork accountability solutions, standards and participation principles; but these are not interlinked and differ in depth and quality. Current accountability solutions are mostly focused on a "tick-box" process rather than actively empowering local/regional engagement and ownership that would strengthen impact of the implemented solutions.

Climate funders are not prioritizing or taking the risks needed to shift agency of how climate finance is channeled. Most funders are not incentivized to invest in Green Accountability mechanisms. Business-as-usual approaches to climate finance are designed to cater to donors' incentives and risk tolerance rather than meeting the needs of beneficiaries. Agency in shaping climate finance policies and standards primarily sits at the global level, placing a burden on recipients to meet the diverse administrative requirements of different donors. Solutions are not responsive to beneficiaries' needs and are often difficult to access given the high transaction costs and barriers. Transparency of climate finance flows and data on programs and projects are often limited at all levels, increasing the risk of unintended implementation outcomes which may reinforce existing inequalities.

Limited resources are allocated to Green Accountability mechanisms at the global, national and local levels. Dedicated human and financial resources are needed to properly implement Green Accountability mechanisms, both upstream and downstream. However, these resources are often insufficiently allocated. One of the main barriers is the lack of funding for human resources, including staff salaries.⁴ In most cases, funders do not allow climate finance funds to be used to cover the personnel costs of implementing Green Accountability mechanisms. And even when they do, administrative costs are often absorbed by international intermediaries, with limited amounts passed down to local actors—even though this is where they are most needed.

There is a disconnect between the designers and implementors of accountability mechanisms.⁵ Current mechanisms focus on safeguards that are seen as a bottleneck for program and project implementation, and that limit access for citizens and civil society. This stems from a disconnect between the designers and local implementors of accountability mechanisms.

Feedback loops are mostly established through consultation, which is often viewed as a sufficient condition for participation, without considering different models that could drive further involvement and ownership.

As a result, there are currently no effective feedback loops that bridge upstream decisions and downstream activities. In addition, there is a need to ensure climate finance flows accord with good public financial management practices (e.g., transparent budget process, open contracting, strong anti-corruption safeguards and active formal and informal oversight). Siloing climate funds as they reach country level is unhelpful if it means hard-won lessons from broader public financial management are not applied.

While awareness and leadership around the Green Accountability agenda are increasing, those most affected are not at the heart of climate finance decision-making. Civil society⁶ should play a crucial role in co-creating systems for accountable climate finance, ensuring they do not reinforce existing inequalities, ignore the interests of certain groups or give rise to unintended consequences (i.e., solving one problem but creating another). Often, civil society participation and engagement with community stakeholders are lacking, leading to poor outcomes. The engagement channels of institutions for civil society and citizen engagement are often not properly communicated, and approaches are disconnected from each other. A more strategic approach to civil society and citizen engagement is needed, from both a system level and an organization level.

3 Article 13 of the Paris Agreement established an enhanced transparency framework for action and support, with built-in flexibility which takes into account parties' different capacities and builds on collective experience.

4 Access to climate finance, Workshop Report, International Institute for Environment and Development (IIED), 2021.

5 "Accountability" here is used as an umbrella term for a wide range of transparency, accountability and participatory practices.

6 "Civil society" in the widest sense of the term, which may also include the scientific community, the private sector and other groups

THE CASE FOR ACTION

Green Accountability is already becoming part of the mainstream climate finance dialog. The latest Intergovernmental Panel on Climate Change (IPCC) report (“Sixth Assessment Report”) calls for greater equity and inclusion in climate action because equity, climate justice, rights-based approaches, social justice and inclusivity have proven to be avenues to more sustainable outcomes and increased climate resilience. The Bridgetown Initiative advocates for more fit-for-purpose financing, including expanded access to concessional funding for climate-vulnerable countries and debt relief where loans are targeted at mitigation and/or adaptation and natural disaster relief activities. It also calls for more funding for loss and damage to support climate-vulnerable countries, mitigating risks for countries to be sunk by debt. The Just Energy Transition Partnership country packages that have been announced are some of the first responses to these calls, embedding justice and impacted communities as core components of climate finance design and deployment.

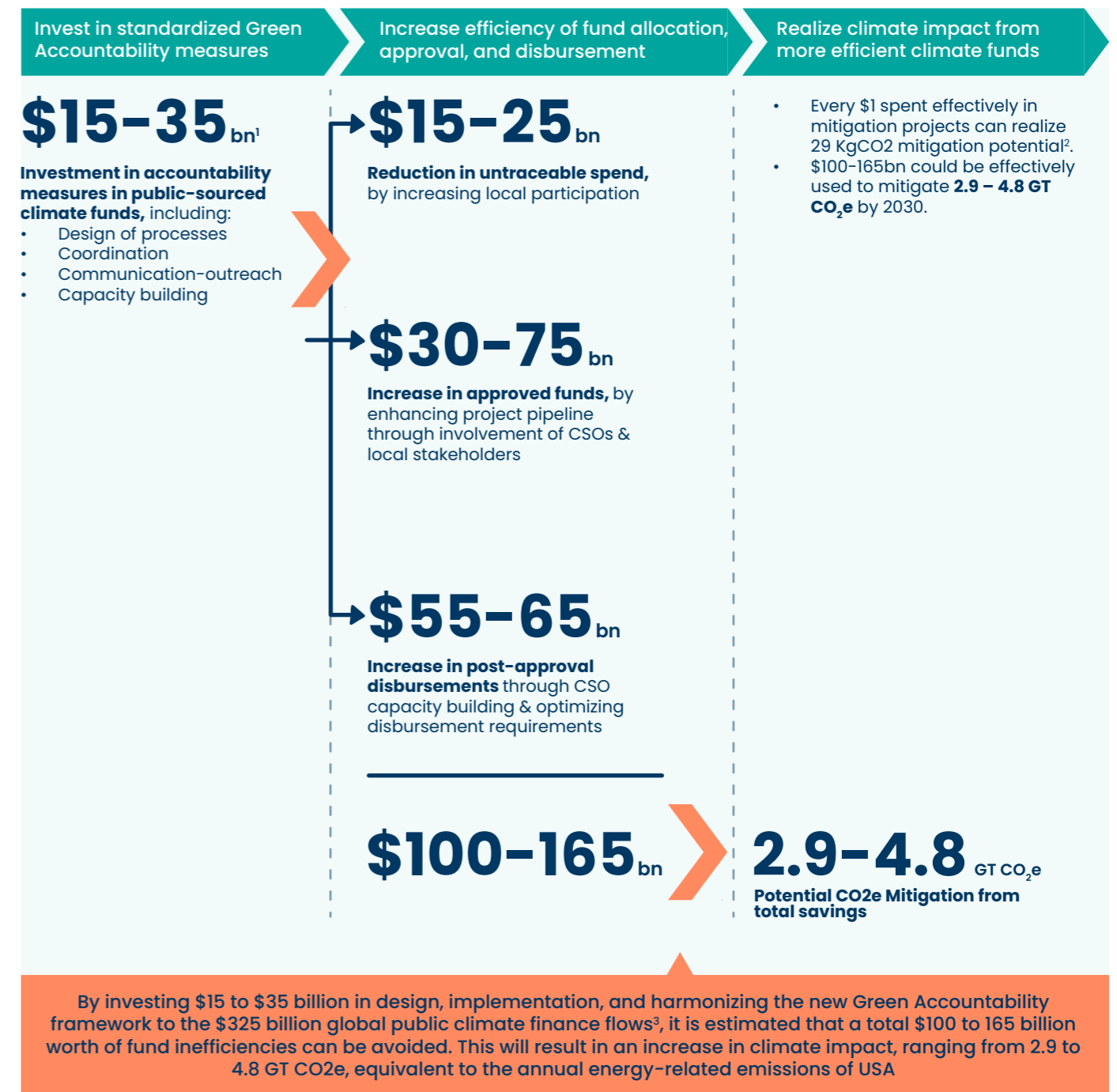
Many of the current gaps and limitations in accountability, transparency, standardization and participation could be overcome through Green Accountability. Preliminary analysis reveals that a climate finance system which meaningfully integrates Green Accountability could unlock more than \$100 billion a year and help avoid 3 GT of GHG emissions annually through:

- A. Unlocking additional capital in the system by ensuring capital committed reaches end users.**
- B. Unlocking more capital for the most critical sectors, geographies and beneficiaries by ensuring the capital deployed is used in the most efficient and equitable way.**
- C. Improving the outcomes of capital deployed and ensuring it has no unintended negative consequences.**

The remainder of this section presents the analysis and evidence on each of the above points.



Box 1: Enhancing efficiency across all public climate finance flows can save more than \$100 billion and 3GT CO2e emissions



Notes:

1. Assumes allocation of 5-10% of deposited global climate finance to ensure Green Accountability. Assessment based on sampling of mitigation and adaptation climate finance projects' spend on stakeholder engagement, monitoring and evaluation and capacity building.
2. Based on an analysis on the cost to effectively mitigate 1 tCO₂e on 12 priority key levers across five systems (energy & power, food & land use, industry, transport and buildings). Data for the basis of analysis is retrieved from <https://www.systemiq.earth/philanthropy-climate-action/>.
3. Based on Climate Policy Initiative, <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-a-decade-of-data/>.

A.

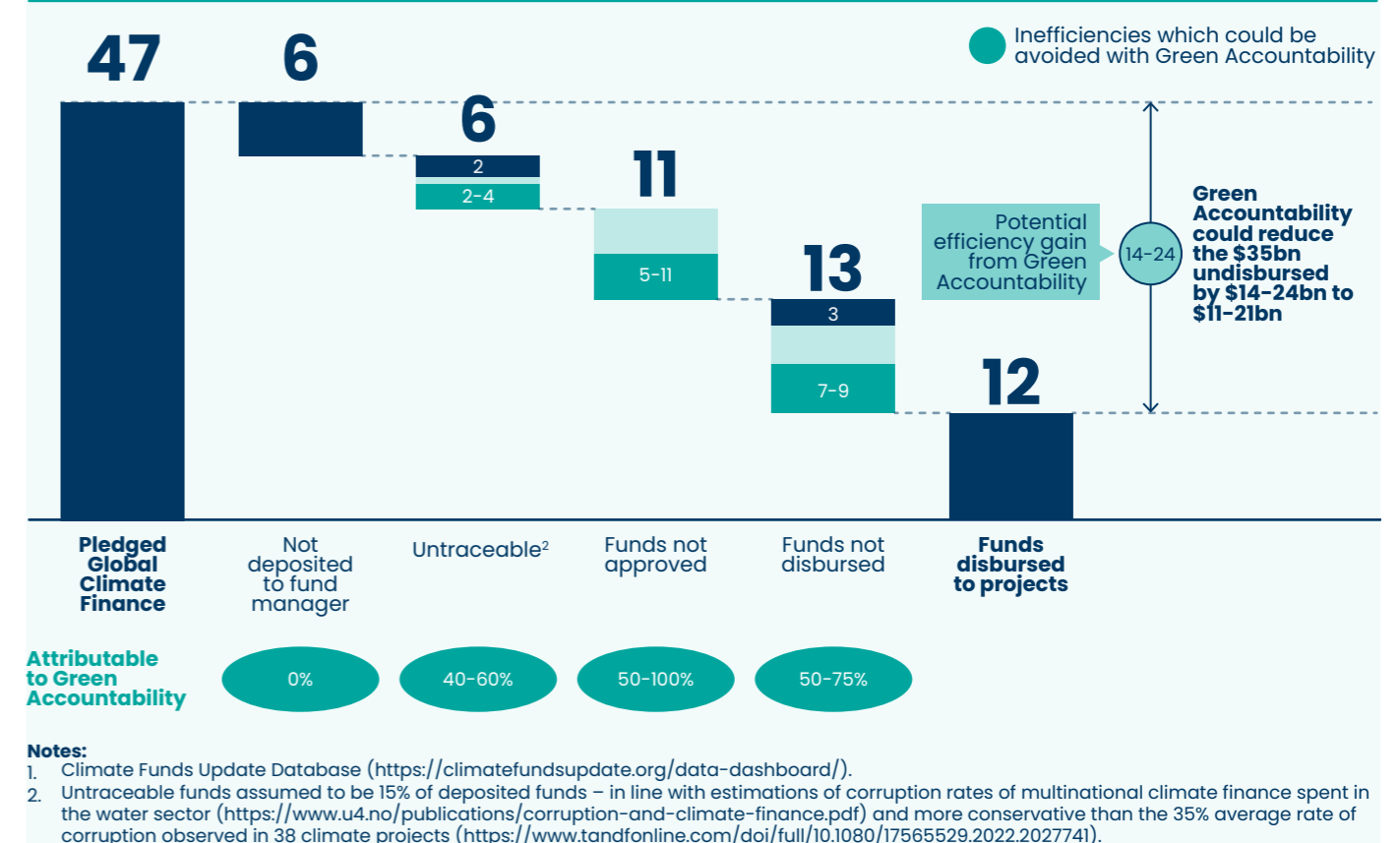
GREEN ACCOUNTABILITY CAN UNLOCK ADDITIONAL CAPITAL IN THE SYSTEM

Green Accountability ensures the capital committed reaches end users. Climate finance pledges and commitments are often wasted due to a high percentage of unspent and/or undeployed funds. As shown in Box 2, ~75% of committed climate finance is not disbursed to projects⁷ –for example, because funds are not deposited to fund managers, are not approved for disbursement or are untraceable. Cumulatively, Green Accountability could potentially reduce this gap to ~20-45%, equivalent to a \$14-\$24 billion efficiency gain. Extrapolating our analysis in Box X to the \$326 billion total annual public climate finance flows⁸ suggests Green Accountability could save more than \$100 billion across all public climate finance flows, which – if all⁹ were invested in high-quality mitigation projects¹⁰ – would equate to the avoidance of more than 3 GT of carbon dioxide equivalent (GtCO₂e).

Initial analysis suggests that \$1 spent on Green Accountability could unlock \$3-\$12 of climate finance which is currently being wasted, ensuring additional capital reaches communities and end users. Our analysis estimates that implementing Green Accountability would need an investment of 5-10% of committed climate finance (\$2-\$5 billion of multilateral climate change funds). This investment would be required for mechanisms as outlined at the end of this section. Currently, traditional accountability mechanisms (e.g., capacity building, monitoring and evaluation, and stakeholder engagement for both mitigation and adaptation projects) account for ~5-15% of project budgets – in line with our estimate for Green Accountability. Comparing the investment required for Green Accountability (\$2-\$5 billion) with the potential gains it could achieve (\$14-\$24 billion), the analysis suggests every \$1 spent on Green Accountability could unlock \$3-\$12 of climate finance which is not currently being disbursed.

Box 2: Unlocking more capital within the climate finance system through green accountability

Multilateral funds finance flows¹
In USD Billions, 2023



Green Accountability mechanisms such as increasing local stakeholders’ participation in the monitoring and reporting of programs have been proven to reduce untraceable and undisbursed spend. A study on climate adaptation projects in Bangladesh found that higher levels of monitoring by influential local stakeholders were associated with reduced corruption during project implementation and improved project quality.¹¹ Increased transparency and oversight of disbursement also proved effective in ensuring the quick disbursement of funds.

Another example of this is the Pandemic Response Accountability Committee (PRAC), an independent oversight committee established in the United States tasked with overseeing the disbursement of the nation’s pandemic relief funds. PRAC’s transparency and accountability efforts contributed significantly to oversight of the disbursement of \$4.23 trillion out of \$5.2 trillion in total pandemic relief funds (81% of total committed disbursed funds).¹²

7 <https://climatefundsupdate.org/data-dashboard/>.
 8 We extrapolated the analysis to public climate finance flows instead of total climate finance flows because we are more confident in its applicability. As private climate finance has a different nature, different data points would be required to validate the assumption.
 9 We are not advocating for all climate finance to be spent on mitigation, but merely using this as way to quantify the potential impact these savings could have through a single metric.
 10 A wide range of high-quality mitigation projects and their mitigation potential were analyzed by Systemiq. Further details can be found at <https://www.systemiq.earth/philanthropy-climate-action/>.

11 Khana, M. et al., 2022.
 12 <https://www.pandemicoversight.gov/news/articles/prac-issues-fraud-alert-follow-up-improved-data-sharing-and-agencies-use-do-not-pay>.

Investing in Green Accountability can increase post-approval disbursements, unlocking more capital for communities. For example, Project STOP—an initiative in Indonesia that aims to scale circular waste systems across cities—has successfully unlocked more capital to scale up its approach across the country. One of the best practices that have enabled it to do so is a programmatic approach that emphasizes the development of long-term capacity within local governments and communities throughout the project lifecycle, from initiation to implementation. As a result, local governments and communities are empowered and equipped to scale the Project STOP model to larger areas. Having delivered waste systems to hundreds of thousands of people, Project STOP and its subsequent scale-ups are set to deliver to millions in the next decade.

Transparent, market-building mechanisms can help reduce (perceived) risk, unlocking additional capital. Including Green Accountability mechanisms in instruments for private capital mobilization can drive the establishment of a transparent track record of projects. This increased data availability can inform better assessment of country and project-specific risks, which can reset the cost of capital premiums driven by higher perceived than actual risk. To illustrate, the first time GuarantCo—a provider of guarantees—supported a bond issuance in Vietnam, it provided 100% coverage, the second time 75% and the third only 50%. This shows that the risk perception was driven down over time as a track record of projects and payments was established. In turn, the reduced cost of capital should unlock additional availability of capital that previously did not fit the (perceived) risk/return profile of projects. Green Accountability mechanisms can play a crucial role by enhancing the transparency and market-building capacity of the instruments used.



B.

GREEN ACCOUNTABILITY CAN UNLOCK MORE CAPITAL FOR THE MOST CRITICAL SECTORS, GEOGRAPHIES AND BENEFICIARIES

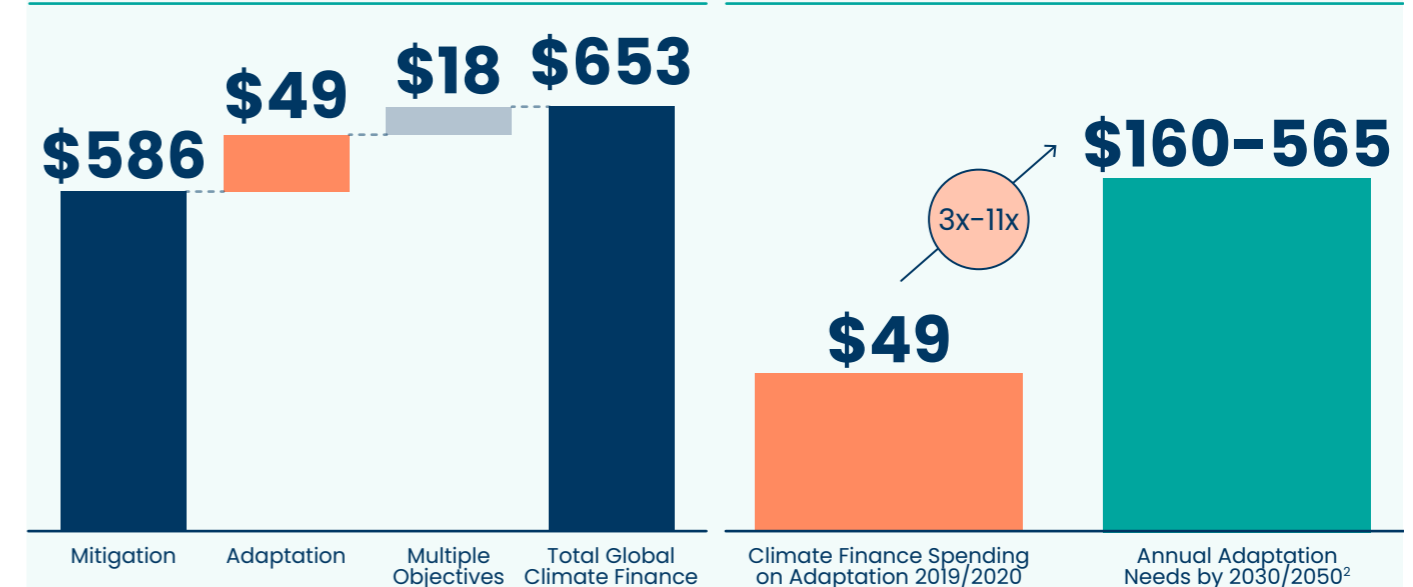
Green Accountability can ensure that the capital deployed is used in the most efficient and equitable way. Climate finance is unevenly and unequally distributed across uses and sectors.

Today, concessional resources are often allocated to programs in which the private sector could invest; critical areas like adaptation are chronically underinvested; and poorly designed programs have lower impact and longer timelines than they should. Green Accountability could help close an estimated \$360-\$860 billion gap through more equitable distribution.

Box 3: Gap in Adaptation Financing

Global climate finance flows in 2019/2020 by use¹
USD Billions

Adaptation Finance Gap
USD Billions



Adaptation has significant impact to communities and has outsized importance for the Global South. Adaptation generates local public goods with high geographic variation (reflecting in varied climate change impacts).

Source

1. Global Landscape of Climate Finance, A Decade of Data: 2011-2020, Climate Policy Initiative, 2022.
2. Adaptation Gap Report, UNEP, 2022.

Less than 10% of climate finance goes to adaptation,¹³ which negatively impacts communities—specifically in the Global South, where climate impacts are most severe. Climate finance is needed for both mitigation and adaptation in order to allay the impacts of a changing climate and adapt to unavoidable adverse effects. Yet only \$1 in \$10 of total climate finance is allocated for adaptation. International adaptation finance flows to developing countries are five to 10 times below the estimated need, and the gap between needs and flows continues to widen (see Box 4).

Indigenous Peoples and local communities receive even less—just 1% of climate finance¹⁴—putting at least 290 GT of carbon stored in their collective lands at risk. This is despite evidence of the abundant business opportunities they present, and that their management of land is one of the most effective ways to prevent deforestation.¹⁵ There are an estimated 325,000 Indigenous-owned companies in North America, which transact \$38 billion worth of sales each year.¹⁶ Indigenous Peoples and local communities have a vital role to play in driving climate action. They hold at least half of the world's land mass and manage collective lands that store at least 290 GT of carbon (equivalent to five times the total global emissions for 2021).

Box 4: Climate Finance going to indigenous peoples

Indigenous Peoples and Local communities receive less than 2% of climate mitigation aid

Despite their potential roles in addressing climate change and their high vulnerabilities

- 1.** Indigenous Peoples and Local Communities customarily holding at least ½ the world's landmass¹
- 2.** Indigenous Peoples and Local Communities manage collective lands that **store at least 290 GT of Carbon**, equivalent to 5 times global emissions in 2021²
- 3.** **1 in 3 people on earth is dependent on these lands** for their wellbeing and livelihood³

Green Accountability could be the key to mobilizing finance for securing the collective lands of Indigenous Peoples and Local Communities, a crucial solution for safeguarding the stored carbon, with the following benefits:

- **High cost efficiency:** securing Indigenous Peoples and Local Communities is **highly cost efficient**, amounting to less than 1% of total environmental benefits derived from these lands²
- Indigenous land stewardship **effectively keeps forests protected:**
 - Indigenous people-managed forest areas exhibit **2-3x lower annual deforestation rates** than similar non-indigenous people forest areas²
 - Indigenous territories are as effective, and in some cases even more effective, than fully protected national parks and nature reserves in preventing deforestation²

Source

1. Falling short, Rainforest Foundation Norway, 2021.
2. World Resources Institute. (n.d.). Safeguarding Carbon Stored in Indigenous and Community Lands Is Essential for Meeting Climate Goals. Retrieved from <https://www.wri.org/insights/safeguarding-carbon-stored-indigenous-and-community-lands-essential-meeting-climate-goals>.
3. World Resources Institute. (n.d.). The Numbers: Indigenous and Community Land Rights. Retrieved from <https://www.wri.org/insights/numbers-indigenous-and-community-land-rights>.

¹³ Delivering real change: getting international climate finance to the local level, International Institute for Environment and Development (IIE)

¹⁴ Falling Short: Donor Funding for Indigenous Peoples and Local Communities to Secure Tenure Rights and Manage Forests in Tropical Countries (2011-2020), Rainforest Foundation Norway, 2021.

¹⁵ 4 Ways Indigenous and Community Lands Can Reduce Emissions, WRI, 2021

¹⁶ Indigenous Catalytic Capital, First Peoples Worldwide, Integrated Capital Investing, and Croatan Institute, 2023.



Scaling Green Accountability could scale finance for communities and vulnerable groups at all levels.

Green Accountability mechanisms that enhance direct access could scale financing for adaptation. For example, Kenya's County Climate Change Funds (CCCFs) have shown how devolved climate finance/direct access mechanisms could unlock more capital for adaptation and resilience. CCCFs are devolved finance mechanisms under the authority of each county government that promote the mainstreaming of climate change adaptation into local planning and budget systems.¹⁷

They facilitate the flow of climate finance to county governments and simultaneously empower local communities by strengthening public participation in its management and use, thus building resilience to a changing climate.¹⁸ International funders can use CCCFs to contribute to a central allocation, which can then be disbursed for decision-making at the local level. In 2021, Kenya's CCCFs received the largest single investment to date, amounting to \$150 million.

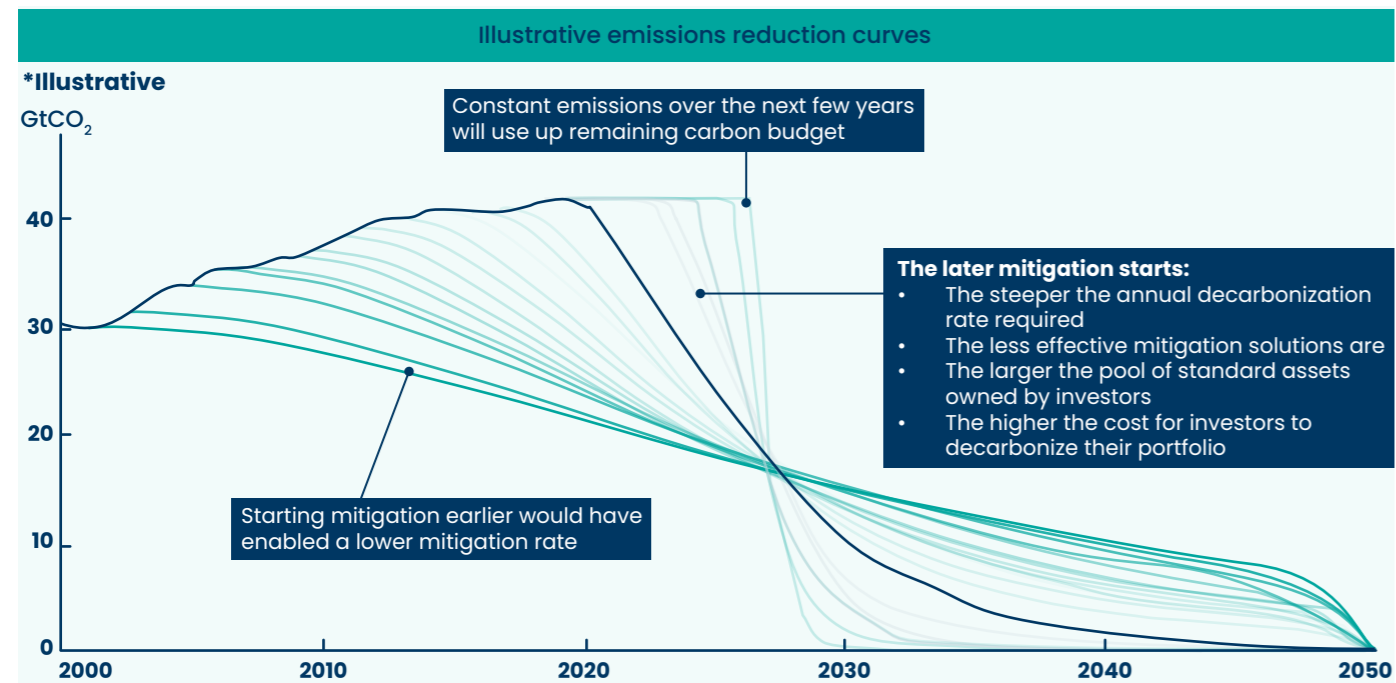
¹⁷ sNAPSHOT Kenya's County Climate Change Funds, NAP Global Network, 2019.

¹⁸ Delivering climate finance at the local level to support adaptation: experiences of County Climate Change Funds in Kenya, iied, 2019.

Within specific sectors, Green Accountability measures can help avoid delays by channeling capital into priority segments. Globally, the energy transition will require a threefold increase in finance for renewable energy and accompanying infrastructure. However, electricity infrastructure and generation are often developed in siloes. This can lead to significant delays, because it typically takes longer to build transmission and distribution infrastructure (five to 10 years) than generation infrastructure (three to five years). For example, in South Africa, investment in upskilling and grid connectivity lags behind what is required, potentially delaying the transition by 10-plus years as renewables cannot be connected to the system.¹⁹ Green Accountability measures that involve key stakeholders in the process from the outset can help to surface such interdependencies and drive the development of coherent plans to address them.

For instance, governance mechanisms that integrate local decision-makers early on in the standards-setting, planning and design phase of a program were found to be effective in ensuring solutions that consider the enabling activities needed for implementation. One example of this is the phaseout of coal mines in Germany’s Saarland and Ruhr regions. Although the transition was delayed and costly, the phaseout was ultimately considered a success because it ensured stability of employment for workers in the region.²⁰ This was thanks to the government’s proactive approach in engaging at-risk employees upfront in the process through communication and re-employment campaigns. At the same time, the local government was given the autonomy to design structural policies together with local communities and businesses to diversify the economy in targeted sectors in order to avoid major disruptions to the labor force. This demand-driven approach to accelerating investment in enabling and transition activities is critical to ensure a just and timely transition.

Box 5: Green Accountability could avoid significant delay to deliver the energy transition



¹⁹ Better Finance, Better Grid, Blended Finance Taskforce, 2023.
²⁰ <https://napglobalnetwork.org/wp-content/uploads/2018/01/napgn-en-2017-snapshot-kenyas-county-climate-change-funds.pdf>.

C.

GREEN ACCOUNTABILITY CAN SIGNIFICANTLY IMPROVE THE OUTCOMES OF THE CAPITAL DEPLOYED

Green Accountability is critical to ensure that the capital deployed delivers meaningful outcomes and has no unintended negative consequences. There is always a risk that climate finance may fail to achieve its intended impact. Additionally, poorly designed climate finance programs can have negative outcomes. Embedding Green Accountability principles in the design of adaptation programs and in ongoing monitoring and deployment—such as ensuring affected communities have a meaningful voice in developing solutions and changing course if these are not working—can help tackle any unintended negative consequences and deliver more effective outcomes.

20-30% of sustainability-linked bonds (SLBs) are not on track to meet their targets, according to MainStreet Partners’ green, social and sustainability bond research director, Pietro Sette.²¹ SLBs are performance-based instruments which link sustainability targets to the bond—for example, failure to achieve the linked target will result in an increase, or step-up, in the coupon rate. Under SLB principles, issuers are expected to release annual reports of their performance against targets, but only a limited number have done so publicly. \$230 billion has been raised through SLB issuance since the market was kickstarted in 2019, although the rate of issuance has slowed in the past two years.



²¹ 30% of sustainability-linked bond targets 'on track to fail', Environmental Finance, 2023

One in six adaptation projects are at risk of maladaptation²² due to a lack of Green Accountability.²³

Maladaptation is a condition in which adaptation projects result in increased vulnerability compared to the pre-existing state, exacerbating inequalities as marginalized and vulnerable groups (e.g., Indigenous Peoples, low-income households) are disproportionately affected by the impacts of climate change. This could lead to a long-term vicious cycle of vulnerabilities, driving up the cost of change due to increased GHG emissions, heightened exposure to natural disasters and compromised wellbeing. Adaptation projects in coastal areas, for example, are particularly vulnerable to maladaptation. A project in Fiji is a case in point: seawalls built to protect people from rising sea levels inadvertently left those living close to them more exposed to hazards because they prevented stormwater drainage.²⁴ Similarly, the construction of sea barriers in fishing villages near the Volta River estuary in Ghana to prevent beach erosion due to storm surges and rising seas also delivered negative outcomes.

While the sea barriers succeeded in preventing erosion, the communities who lived there were displaced for the construction of luxury beachfront chalets.²⁵ Many of the key causes of maladaptation (e.g., a lack of inclusive governance, diverse knowledge and values, ecosystem stewardship and synergies between climate and development actions)²⁶ are linked to a lack of Green Accountability. To reduce the risk of maladaptation, the IPCC's Sixth Assessment Report emphasized the need for flexible, inclusive, long-term, multi-sectoral planning and implementation of adaptation actions—consistent with the principles of Green Accountability. Inclusive governance and an emphasis on equity and justice were also identified with high confidence as interventions which can lead to effective and sustainable adaptation outcomes. We estimate Green Accountability could prevent maladaptation in projects with a total value of between \$27–\$58 billion by 2030 (based on the estimated costs of \$155–\$330 billion costs).²⁷



²² Intergovernmental Panel on Climate Change (IPCC). "Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the IPCC." In: IPCC AR6 Synthesis Report: Climate Change 2021; Maladaptation: How not to cope with climate change. France 24, 5 March 2022.

²³ South-south Cooperation for Climate Adaptation and Sustainable Development, UNCTAD, 2022.

²⁴ E. Lisa F. Schipper, Maladaptation: When Adaptation to Climate Change Goes Very Wrong, One Earth, Volume 3, Issue 4, 2020,

²⁵ 'Maladaptation': how not to cope with climate change, AFP, 2022

²⁶ Systemiq analysis.

²⁷ UNEP's Adaptation Gap Report, 2022.

04

ACTIONING GREEN ACCOUNTABILITY

Drawing on learnings from historical climate projects and initiatives in other development spheres, and applying a systems-thinking approach, we have identified examples of Green Accountability mechanisms that could be replicated across the climate finance ecosystem.

These include:

- 1. Governance mechanisms which integrate local decision-makers** to improve the upfront design of climate finance based on the demands of local stakeholders, in order to ensure meaningful agency in program design and implementation. Ideally, these mechanisms should be based on inclusive international standards²⁸ created in an environment that is collaborative, supportive and respectful, giving all participants an equal opportunity to contribute to the process. As seen in multiple sectors, local actors have a deep understanding of the local context, needs and motivation for successful actors that can increase the potential for effective outcomes.

CASE STUDIES

- Cities such as Oslo, New York and London have adopted climate budgeting as a governance system and ongoing process to integrate climate commitments into budget decision-making. Through the climate budgeting process, potential climate measures are proposed, evaluated and adopted in line with the budget cycle; responsibility is assigned for implementation across city government; and the city's investments and progress against long-term climate targets is made public. Through this approach, Oslo reduced its emissions by 30% between 2009 and 2021 despite a population increase.²⁹

- The Transparency and Accountability in Mongolia Education project highlights that strong local ownership, upfront planning and investments in sustainability and scalability were instrumental in mitigating risks over time.² The project was designed to demonstrate how educational services in the project's target locations could be enhanced through increased transparency and social accountability. Governance improvements such as strengthening the capacity of students, parents, teachers and school officials to form and manage effective parent-teacher associations were introduced to facilitate the participation of parents, teachers and students in decision making and monitor the availability of school supplies, budgets and the general school environment. As a result, the project achieved two major outcomes:
 - improved stakeholder engagement and oversight in target schools; and
 - increased transparency of budgeting and procurement processes in the education sector.
- A study on climate adaptation projects in Bangladesh revealed that higher levels of monitoring by influential local stakeholders were associated with reduced corruption during project implementation and improved project quality.³⁰ The study showed that the greater the immediate benefits of climate change projects—particularly for influential groups with the capacity to play an effective monitoring role—the more likely they were to take an interest in the quality of construction and to monitor progress on an ongoing basis. Climate projects—particularly in contexts with weak formal governance—could benefit from this approach, enhancing the involvement of influential groups in constraining corruption by maximizing dual-use benefits for local communities.

²⁸ An international standard is a document that has been developed through the consensus of experts from many countries and is approved and published by a globally recognized body.

²⁹ Why New York and London are betting on climate budgets, *The New Statesman*, 2023

³⁰ Mushtaq Khan, Mitchell Watkins, Salahuddin Aminuzzaman, Sumaiya Khair & Muhammad Zakir Hossain Khan (2022) Win-win: designing dual-use in climate projects for effective anti-corruption in Bangladesh, *Climate and Development*.

- The International Electrotechnical Commission (IEC) seeks to highlight the importance of international standards and ensure they are created in an inclusive environment. The IEC provides instructions, guidelines, rules and definitions to enhance the safety, quality and efficiency of technology. IEC international standards and conformity assessment work underpin international trade, facilitate electricity access and verify the safety, performance and interoperability of electric and electronic devices and systems, including consumer devices such as mobile phones and household appliances such as refrigerators. The IEC Global Impact Fund continues to advance the IEC’s vision of “a safer and more efficient world” and demonstrates the catalytic impact of international standards and conformity assessment systems in addressing many of today’s social, economic and environmental challenges and ensuring that technology has a positive impact on society. The first project of the Fund—selected for its approach to inclusivity and the circular economy—will analyze the testing and safety of battery packs and second-life pack building to provide reliable quality data which can be utilized for recommendations for standards and conformity assessment on second-life lithium-ion battery products. Aceleron is an award-winning clean technology company that specializes in the design and development of battery packs, using patented technology to facilitate the use of both first and second-life cells. The aim is to extend the lifecycle of batteries and reduce the environmental burden of lithium-ion technology. Aceleron’s battery packs are fully serviceable, upgradeable and recyclable. The implementation of the project will be locally led in Kenya and Uganda, with the involvement of several IEC national committees and consortium partners, including the Global Off-Grid Lighting Association, the Schatz Energy Research Center and the National Physical Laboratory.

2. Open, transparent, comprehensive real-time data transparency channels to track and monitor climate projects (from upstream to downstream level) that are accessible to civil society and citizens.

CASE STUDIES

- The Adaptation Fund (AF) has a transparency policy whereby all project proposals (whether fully developed proposals or concept and pre-concept notes) and applications for grants are uploaded to its website in real time. This provides an opportunity for the public to send comments on these documents to the AF Secretariat. This ensures stakeholder feedback inclusion is considered in the assessments and forwarded to implementing entities and the AF’s board for approval, reducing the risk of program/project rejections through a more thorough risk identification process.
- The Pandemic Response Accountability Committee has developed data and interactive tools that aim to make spending data more accessible and easier for taxpayers to understand.³¹ The tools include an interactive dashboard which provides visualizations for taxpayers to explore and understand pandemic programs. These are supplemented by a data download center that provides supporting documentation for the datasets used in the visualization. These tools not only enable access, but also provide the necessary means to understand and analyze whether the supply of finance meets the demand on the ground.

- The Publish What You Fund has developed an approach for analyzing identified needs at the country level against international donor efforts to provide climate finance.³² This approach was used to assess Kenya’s climate adaptation finance against its needs. The methodology utilized the costed adaptation needs budget from the National Adaptation Plan and compared this with 2015–2021 aid flows. The analysis identified that the total climate financial flows supporting adaptation in Kenya were US\$2.232 billion from 2015 to 2021. This constitutes 14.82% of the total identified needs in Kenya’s adaptation budget, meaning that funding is currently 85.18% behind (a shortfall of US\$12.83 billion). The total funding is made up of US\$902 million in grants and US\$1.33 billion in loan commitments (at face value). The analysis also revealed an acute adaptation finance gap in the energy sector. The total need identified in the National Adaptation Plan for 2015–2030 is US\$3.51 billion. Taken pro rata for 2015–2021, and with 90% of the budget being subject to international finance, the total adaptation finance needs are US\$1.38 billion. The analysis found that only US\$10 million of adaptation finance has been recorded thus far for the energy sector—just 0.7% of the total required. Analysis like this shows how greater transparency can assist recipient countries in better tracking climate finance.
- Lithuania launched an ambitious public procurement reform in 2021 to reduce the country’s carbon footprint and ensure every public procurement decision takes into account the potential environmental impact.³³ In 2020, only 3% of public procurement spending by value used green award criteria favoring environmentally friendly products and services. The government is seeking to increase this to 100% by 2023. To this end, the Environment Ministry created a roadmap for reform, with a ministerial decree setting out the criteria for green procurement and regular reporting milestones. The Lithuanian Public Procurement Office (LPPO) established a new sustainability unit to lead the charge, encouraging the use of green award criteria through training, a helpdesk to assist buyers and specific guidance for high-impact sectors. The LPPO is also using open procurement data to track the status of its green targets through a user-friendly public dashboard, nudging authorities that lag behind. As a result, levels of green procurement uptake across Lithuanian public institutions had increased to 59.7% by value and 32.6% by total procedures for 2022.
- CivicData Lab in Assam, India has built sophisticated data models to help the government make informed decisions on infrastructure spending and procurement to improve disaster preparedness and reduce vulnerability. These data models show how much is spent and in which communities to understand whether investments are reaching the areas most affected by floods, utilizing open flood-related procurement data. This was possible only due to the use of open public contracts.³⁴

31 Pandemic Oversight - <https://www.pandemicoversight.gov/data-interactive-tools>.

32 Measuring the gap – international climate finance and the priorities of climate vulnerable countries – a proof of concept, Publish What You Fund, 2022.

33 Going 100% green in Lithuania, Open Contracting Partnership, 2022.

34 India flood management: How open contracting is informing public spending to prioritize the most vulnerable communities in Assam, The Patrick J McGovern Foundation, 2022.

3. Multiple channels for civil society and citizens to play an enhanced role in advocacy and independent monitoring and reporting.

These include channels that provide feedback for climate projects and have a clear process for assimilating this feedback into actionable measures. Such timely feedback loops help ensure that insights from the local level are transferred and incorporated up to the national and global level.

CASE STUDIES

- Integrity Action³⁵ provides tools, approaches and digital applications which ensure services like health, education and infrastructure genuinely meet the needs of citizens. Its DevelopmentCheck mobile app allows citizens to monitor vital projects and services and generates rich data on their performance.
- Multilateral climate funds such as the Global Environment Facility (GEF), the AF and the Green Climate Fund (GCF) have shown some advancement in implementing these channels by providing clear channels for engagement at multiple levels through which civil society and citizens (e.g., civil society organization networks,³⁶ active observers³⁷ and platforms) can provide feedback on project proposals and policies.³⁸
- As argued by the Working Group on Environmental Auditing,³⁹ supreme audit institutions (i.e., public bodies responsible for the audit of government revenue and expenditure) have a key role to play in increasing climate resilience by investigating resilience-related funding, assessing legislative compliance and evaluating the effectiveness of resilience policies and measures. Their findings can then be used to hold governments accountable and urge them to do better.

35 <https://www.integrityaction.org/>.

36 <https://af-network.org/>.

37 <https://www.greenclimate.fund/about/partners/observers>.

38 <https://www.thegef.org/what-we-do/topics/civil-society-organizations>.

39 <https://www.environmental-auditing.org/blogs/the-role-of-supreme-audit-institutions-in-raising-resilience/>.

40 The Principles for Locally Led Adaptation also advocate for the concept of “integrated subsidiarity” across governance structures whereby decisions and actions take place at the lowest most effective tier of governance (<https://www.iiied.org/sites/default/files/pdfs/2022-11/212311IED.pdf>).

4. Direct access for local stakeholders to access climate finance and play an active role in implementation.

The exact mechanisms to achieve this will depend on the sector and program type (mitigation versus adaptation). However, the following case studies are instructive examples.

CASE STUDIES

- Scaling support for local intermediaries including accelerators, technical assistance providers and market access players (e.g., Partnership for Forests, Multi-stakeholder Forestry Program (MFP4)).
- Flexible scoping and small ticket sizes (e.g., the GEF’s Small Grants Program).
- Simplifying and standardizing approval and disbursement requirements to streamline processes for small national or regional entities (e.g., civil society organizations).
- Providing technical support at the implementing level and building capacity for local stakeholders.
- Devolving decision making to the lowest appropriate level⁴⁰ that ensures an effective coordination function at the implementing level (e.g., the GCF’s Enhanced Direct Access is a good example of efforts to channel finance to the local level through devolved decision-making. However, challenges remain in its implementation that need to be addressed for optimal delivery (see Box 6).

5. Empowering local intermediaries to effectively reach the most affected communities

by coordinating the planning and delivery of financed projects on the ground. This may involve enabling civil society organizations to deliver relevant activities within projects; strengthening the voice of beneficiaries at the upper levels of decision-making; and partnering with local partners or grassroots organizations to deliver finance to the local level and raise awareness and understanding of financing opportunities. A 2022 study by the International Institute for Environment and Development⁴¹ highlights the different ways in which climate finance can leverage local intermediaries to address structural inequalities faced by women, youth, children, disabled and displaced people, Indigenous Peoples and marginalized ethnic groups.

CASE STUDIES

- The Huairou Commission⁴² assists grassroots women’s groups, empowering them with leadership skills and knowledge. It showcases their capacity to lead climate action at the local level, improves their access to government service and encourages their participation in local government development processes. The Commission also highlights the importance of establishing safeguards to ensure intermediaries place communities at the core of their operations and not at the margins, providing the requisite opportunities and resources for local stakeholders to engage at all levels.

41 IIED Climate Change Group, 2022. The good climate finance guide for investing in locally led adaptation.

42 The Huairou Commission is a women-led social movement of grassroots women’s groups from poor urban, rural, and indigenous communities, working in over 45 countries.

43 https://www.stopoceanplastics.com/en_gb/.

44 <https://impactalpha.com/in-indian-country-wolakota-buffalo-range-provides-lessons-for-indigenizing-catalytic-capital/>.

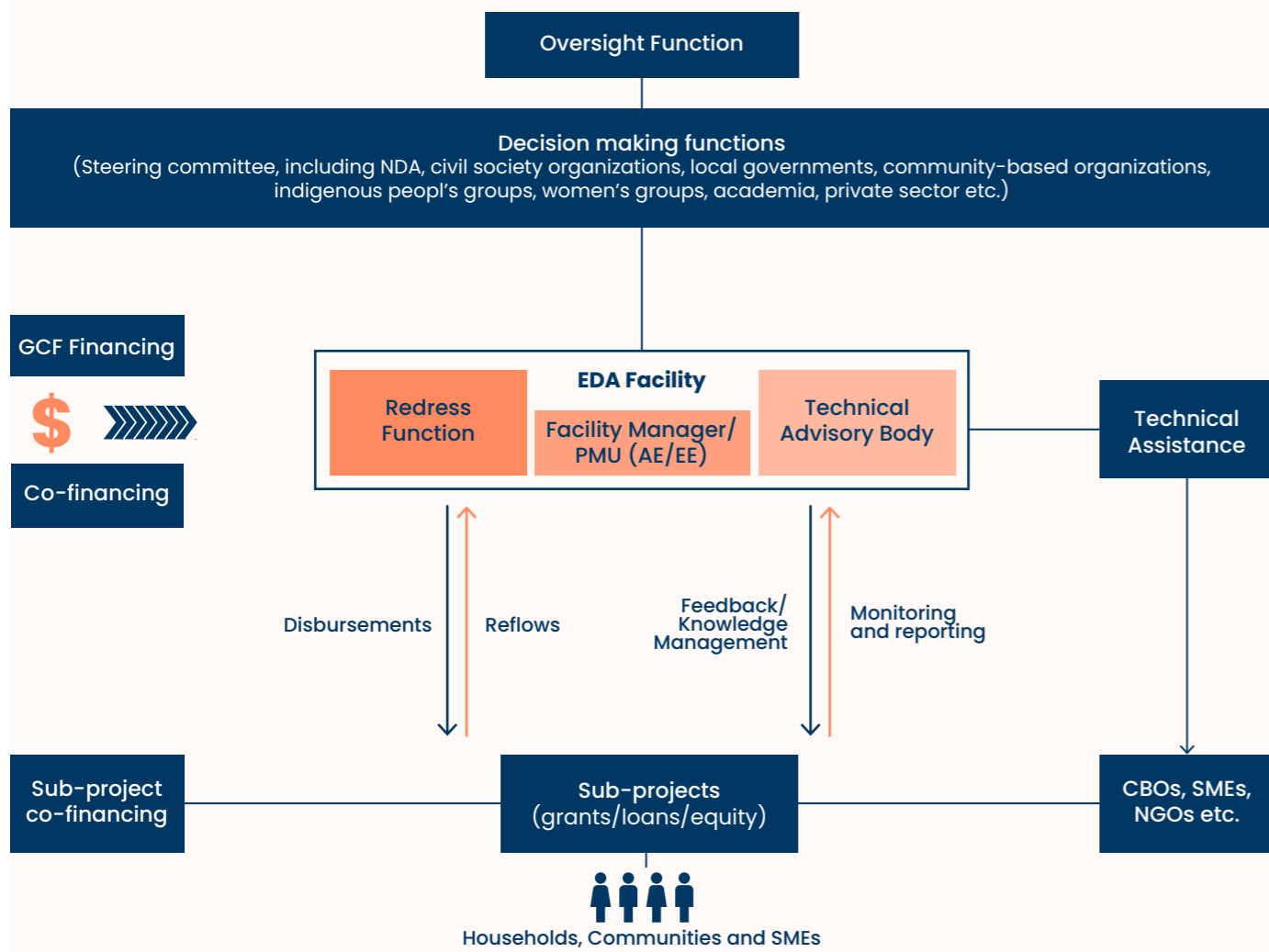
- Indonesia’s Project STOP initiative, which aims to scale circular waste systems across cities,⁴³ showcases the vital role of intermediaries in building capacity across different levels of governance. At the community level, the Project STOP team worked together with village governments, civil society and influential groups in the community to develop behavioral change campaigns aimed at encouraging households to sort their waste and pay retribution fees consistently. At the regional level, the team worked together with the regency government to plan the relevant infrastructure for a circular waste system, including identifying potential sources of funding for the establishment and operation of the system. Project STOP was the main coordinator of these activities, bringing together the voices and interests of different groups to facilitate the operationalization of a circular waste system. Project STOP has now been scaled up across different cities in Indonesia and is one of the biggest waste management projects in the world.
- In the Wolakota Buffalo Range, the Sicaṅṅu Lakota Oyate people have reestablished a 1,000-head buffalo herd over a 28,000-acre range with a shared vision to restore the community’s bonds with the buffalo, along with the health and biodiversity of degraded land. By leaning on Native intermediaries, investors in this project have been able to mitigate risks and find viable deals in Indian Country—just as investors should lean on local fund managers for market intelligence, deal flow and capital deployment in emerging and frontier markets. They know the best way to deploy capital and support Indigenous entrepreneurs (rather than using capital to control decision making).⁴⁴

Box 6: GCF's Enhanced Direct Access

The GCF's Enhanced Direct Access (EDA) project aims to enhance country ownership of projects and programs through a dedicated access window for GCF's Direct Access Entities (DAEs). The EDA pilot is characterized by enhanced devolution of decision-making whereby both funding decisions and project oversight take place at the national or regional level.

This can be achieved by, for example, establishing a dedicated facility to fund small-scale community projects. Despite its challenges, the EDA project is regarded by most stakeholders—both international, national and local—as one of the best examples of locally led climate action.

Specific features of an EDA project design, governance and implementation arrangements



Challenges:

- The accreditation process has no clear system for prioritizing DAEs that are applying for EDA projects, resulting in little to no accredited entities that can propose EDA projects.
- The accreditation process is dominated by large international organizations as requirements are too rigorous for small national or regional entities.

Lessons-learned:

- The design and governance of mechanisms should more clearly define who can access finance and how it can be channeled.
- The accreditation process should be responsive to the capabilities of intermediaries to reduce transaction costs—for example, through increased capacity building for accredited and potential DAEs.



05

THE WAY FORWARD

The trillions that should be invested in climate action in the next decade offer a unique opportunity—not just for increased climate finance, but also for higher-quality outcomes.

The system should build on what is working and be honest about what is not, to help transition to solutions which are demand-driven and equitable, and which integrate systems thinking.



- 1. Providers of climate finance** can work together across the public, private and philanthropic sectors to support a more inclusive and accountable climate finance ecosystem and stronger return on investment by investing 5–10% of climate finance committed to Green Accountability mechanisms. Ensuring transparency on their pledges and spend can build their own accountability to deliver on their funding commitments.
- 2. EMDE governments** have a critical role to play in increasing the agency of civil societies and communities in climate finance decision-making by providing an open, safe and transparent space for meaningful consultation and dialog. Continued ownership and improvement of public financial management from project selection through delivery can support this.
- 3. Local intermediaries**—including civil society, non-governmental organizations, think-tanks, academics and program/project coordinators—have a major role to play in bridging voices across governance and engagement levels. They can strengthen and reinforce the capacity of communities to provide meaningful input on climate finance design and deployment.
- 4. Accountability and standards actors**—such as audit offices, anti-corruption offices and standard development offices—are needed to develop inclusive standards and provide effective oversight of climate finance, while allowing flexibility to adapt to project and country-specific circumstances. International standards bodies can promote inclusive standards and robust conformity assessment processes that explicitly consider diverse needs and ensure all are met and no one is excluded or disadvantaged by the use or implementation of standards.
- 5. Private sector actors** (both international and domestic) can do more to better understand the upside of Green Accountability as part of their risk/return/bankability models to enhance their transparency efforts. The role of private finance cannot be underplayed, as this represents over 50% of the capital that needs to be deployed over the next decade. Green Accountability can help deepen and validate the available data to reduce perceived risk, lowering the cost of capital and reducing emerging market bond spreads to unlock institutional capital. Meanwhile, Green Accountability can increase corporates' own accountability to their commitments and practices, which in turn can help avoid greenwashing and mitigate any adverse climate impacts of their activities.
- 6. Philanthropies** are powerful voices for change and collective action, and are well positioned to leverage their finance to expand the volume of climate finance and meet shortfalls in priority needs, such as for just transition activities (e.g., retraining and reskilling workers impacted by transition activities). Many of these activities constitute Green Accountability actions but are not seen as priorities—especially as governments can be reluctant to engage adequately with labor unions, civil society organizations and communities. Another focus for philanthropic investment is to build the infrastructure within civil society to engage adequately with climate finance allocation and resulting project implementation from the global to local levels.

ANNEX: GREEN ACCOUNTABILITY INTERVENTIONS CASE STUDIES

POTENTIAL BENEFITS OF GREEN ACCOUNTABILITY	PRINCIPLES	INTERVENTIONS / MECHANISMS	CASES / EVIDENCE
Reduced untraceable spend; reduced risk of poor outcomes	Demand-driven; transparent; accessible	<ul style="list-style-type: none"> Open, transparent, comprehensive real-time data transparency channels to track and monitor climate projects (from upstream to downstream level) that are accessible to civil society and citizens. Provision of multiple channels for civil society and citizens to play an enhanced role in independent monitoring and reporting. These include channels that provide feedback for climate projects, with a clear process for assimilating this feedback into actionable measures. Design of climate projects that provide significant benefits to local stakeholders (fit for purpose) to foster their ownership and active participation in project completion. 	<p>A study on climate adaptation projects in Bangladesh revealed that higher levels of monitoring by influential local stakeholders were associated with reduced corruption in project implementation and improved project quality (Khana, M. et al, 2022).</p> <p>The study also found that designing climate projects with dual-use capacity to benefit recipient communities in multiple ways increased local ownership in monitoring project completion and was associated with reduced corruption in project implementation. An example is designing projects with dual-use capacity (e.g., building cyclone shelters that also act as community centers).</p>
Increased approved funds; reduced risk of poor outcomes	Demand-driven; transparent; accessible	<ul style="list-style-type: none"> Governance mechanisms to ensure decision-making capabilities for local stakeholders that are most affected by the addressed climate impacts. Timely feedback loop mechanisms across all levels and engagement to ensure that insights from the local level can be transferred and incorporated to the global level. Proactive, real-time transparency systems. 	<p>The Adaptation Fund (AF) uploads all project proposals (both fully developed proposals and concept and pre-concept notes) and applications for AF readiness grants to its website, and provides an opportunity for the public to send comments on those documents to the AF Secretariat. The AF Secretariat ensures that stakeholder feedback is considered in the assessments which it forwards to the implementing entities and the AF Board. The AF's nongovernmental organization network has found that the AF Secretariat considers the feedback received from stakeholders very carefully, as reflected in the Secretariat's assessments. This reduces the risk of programs/projects being rejected by beneficiaries and increases the likelihood of successful implementation thanks to sufficient buy-in.</p>
Increased approved funds	Demand-driven; accessible; responsive	<p>Enhanced direct access (EDA) for local stakeholders, which may include:</p> <ul style="list-style-type: none"> Flexible scoping and small ticket sizes. EDA, which involves the delegation of decision-making authority, with the assessment and selection of projects taking place at the national and regional levels. A shift away from a standalone project-based approach toward a programmatic approach. 	<p>The Global Environment Facility's (GEF) Small Grants Program (SGP) provides grants of up to \$50,000 directly to local communities— including Indigenous Peoples, community-based organizations and other nongovernmental groups—for projects relating to biodiversity; climate change mitigation and adaptation; land degradation and sustainable forest management; international waters; and chemicals. Since its inception, the SGP has provided over \$724.91 million in GEF and other donor funds to over 26,429 projects around the world (accounting for ~20% of tracked climate finance that reached the local level from 2003–2016).</p>

POTENTIAL BENEFITS OF GREEN ACCOUNTABILITY	PRINCIPLES	INTERVENTIONS / MECHANISMS	CASES / EVIDENCE
Increased post-approval disbursements	Demand-driven; transparent; accessible; responsive	<ul style="list-style-type: none"> Capacity-building for local stakeholders and optimized disbursement requirements. Provision of technical support at the implementation level. Provision of multiple channels for civil society and citizens to play an enhanced role in independent monitoring and reporting. These include channels that provide feedback for climate projects, with a clear process for assimilating this feedback into actionable measures. 	<ul style="list-style-type: none"> Since 2017, Project STOP has been actively collaborating with businesses, government and the local community in Muncar Municipality, located in the Banyuwangi Regency of East Java, Indonesia. Its primary objective is to establish a comprehensive waste management system aimed at curbing the leakage of plastic waste into the environment. In February 2022, Project STOP successfully transitioned its operations to the local government and community, marking a significant milestone. Project STOP has now embarked on an expansion initiative encompassing the entirety of the Banyuwangi Regency in East Java. By adopting a programmatic approach that emphasizes the development of long-term capacities within local governments and communities, Project STOP has been able to scale up and secure increased climate finance disbursements for the program. The Pandemic Response Accountability Committee (PRAC) has established the Data Science Fellowship program to funnel a pipeline of technical talent directly into the oversight community. PRAC has hired and trained 15 data scientists and embedded them with its IG partners. These scientists are analyzing how transportation-related funding is spent, supporting unemployment insurance fraud investigations and examining issues related to healthcare. PRAC's transparency and accountability efforts have made a significant contribution to the oversight of the disbursement of US\$4.23 trillion out of total pandemic relief funds of \$5.2 trillion (81% of total committed disbursed).

POTENTIAL BENEFITS OF GREEN ACCOUNTABILITY	PRINCIPLES	INTERVENTIONS / MECHANISMS	CASES / EVIDENCE
Better prioritization toward more even and equal distribution	Demand-driven; transparent; accessible	<p>Involvement of local stakeholders in the planning stage to strengthen the project pipeline through more fit-for-purpose projects, which may include:</p> <ul style="list-style-type: none"> Governance mechanisms to ensure decision-making capabilities for local stakeholders that are most affected by the addressed climate impacts. Timely feedback loop mechanisms across all levels and engagement to ensure that insights from the local level can be transferred and incorporated to the global level 	<ul style="list-style-type: none"> In 2015, Denmark's wind industry employed 31,251 people and wind power delivered 42% of the country's electricity. Many factors have contributed to Denmark's successful climate transition, but social dialog has undoubtedly been the most important. Danish unions played a key role in the transition by helping to shape Danish public opinion, policy and social consensus, as well as being powerful business and political actors. Through social dialog and policy alignment (e.g., pension fund investment in wind), Danish unions demonstrated their pro-wind, pro-climate position, seeing green jobs as the country's biggest potential engine of new job creation. In Georgia, civil society organizations including Save the Children-Georgia and CIVITAS contributed valuable insights to the implementation of the Early and Preschool Education Law at the municipal level. These insights have informed ongoing education policy-making in the country. Additionally, the insights and relationships established from the project were instrumental in supporting a better response to the COVID-19 pandemic when education shifted to virtual platforms. This shows that addressing diverse issues requires tailored responses and engagement with various stakeholders.
Better prioritization towards more even and equal distribution	Demand-driven; accessible; responsive	<p>Enhancing direct access for the local stakeholders, which may include:</p> <ul style="list-style-type: none"> Flexible scoping and small ticket sizes. EDA, which involves the delegation of decision-making authority, with the assessment and selection of projects taking place at the national and regional levels. A shift away from a standalone project-based approach toward a programmatic approach. 	<p>The County Climate Change Fund (CCCF) in Kenya promotes decentralization: regional governments and community institutions manage the funds and identify their own priority responses to climate change, investing in measures that would best build resilience. International funders can use the CCCF to contribute to a central allocation, which is then disbursed for decision-making at the local level. In 2021, DCF received the largest single investment to date, amounting to \$150 million, in an initiative that embodies the principles of locally led adaptation. This demonstrates opportunities for international donors to scale up investment in locally led adaptation.</p>

POTENTIAL BENEFITS OF GREEN ACCOUNTABILITY	PRINCIPLES	INTERVENTIONS / MECHANISMS	CASES / EVIDENCE
<p>Better prioritization toward more even and equal distribution; increased post-approval disbursements</p>	<p>Accessible, Responsive</p>	<p>Leveraging local intermediaries to effectively reach the most affected communities in delivery, which may include:</p> <ul style="list-style-type: none"> Enabling civil society organizations to deliver the relevant activities of the projects (e.g., capacity-building). Partnering with grassroots organizations to deliver finance to the local level. <p>Enhancing direct access for local stakeholders, which may include:</p> <ul style="list-style-type: none"> Flexible scoping and small ticket sizes. EDA, which involves the delegation of decision-making authority, with the assessment and selection of projects taking place at the national and regional levels. 	<p>A study by the International Institute for Environment and Development (2022) shows how climate finance can leverage local intermediaries to address structural inequalities faced by women, youth, children, disabled and displaced people, Indigenous Peoples and marginalized ethnic groups. Examples include the following:</p> <ul style="list-style-type: none"> The Pawanka Fund (global) provides support to Indigenous Peoples worldwide, enabling them to revitalize their cultural heritage and enhance their resilience. The Huairou Commission (global) provides assistance to grassroots women’s groups, empowering them with leadership skills and knowledge. It builds their capacity to lead climate action at the local level, improves their access to government services and encourages their participation in local government development processes. The Micronesia Conservation Trust (Pacific Islands) provides support to remote, rural and underserved communities. The Sustainable Island Resources Framework Fund (Caribbean) and Nepal’s Local Adaptation Plans of Actions involve youth, disabled individuals and marginalized groups in adaptation efforts. Fundecooperación (Costa Rica) provides access to financial services to individuals and enterprises that are typically excluded from the formal banking system. <p>In addition, Indigenizing Catalytic Capital (2023) includes several examples of successful Indigenous-led investments, such as the Sičaŋgu Lakota Oyate people’s Wolakota Buffalo Range. Key success factors include respect for the tribal sovereignty element of the project, allowing it to be community driven; flexible support (in terms of “equity-like” financing, grants and technical assistance); and the importance of Native intermediaries.</p>

POTENTIAL BENEFITS OF GREEN ACCOUNTABILITY	PRINCIPLES	INTERVENTIONS / MECHANISMS	CASES / EVIDENCE
<p>Reduction of risk of poor outcomes</p>	<p>Demand-driven; transparent; accessible</p>	<p>Local stakeholders are involved in the planning stage to strengthen the project pipeline with more fit-for-purpose projects, which may include:</p> <ul style="list-style-type: none"> Governance mechanisms to ensure representation and decision-making capabilities for local stakeholders that are most affected by the addressed climate impacts. A timely feedback loop mechanisms across all levels and engagement to ensure that insights from the local level can be transferred and incorporated to the global level. Proactive, real-time transparency systems. 	<p>The IPCC (2022) has reported increased evidence of maladaptation globally. To avoid maladaptation, it is crucial to prioritize flexible, multi-sectoral, inclusive and long-term planning and implementation of adaptation actions. Inclusive governance, emphasizing equity and justice, leads to effective and sustainable adaptation outcomes. These approaches include:</p> <ul style="list-style-type: none"> Addressing context-specific inequities based on gender, ethnicity, disability, age, location and income. Co-learning platforms. Transboundary collaborations. Community-based adaptation. Participatory scenario planning. Capacity-building and meaningful participation of the most vulnerable and marginalized groups. Ensuring the access of the most vulnerable and marginalized groups to essential resources for adaptation. <p>The World Bank Implementation Completion Report of the Transparency and Accountability in Mongolia Education project highlighted that strong local ownership, upfront planning and investments in sustainability and scalability were instrumental in mitigating risks over time.</p>
<p>Reduction of risk of poor outcomes</p>	<p>Demand-driven; accessible; responsive</p>	<p>Enhancing direct access for the local stakeholders, which may include:</p> <ul style="list-style-type: none"> Flexible scoping and small ticket sizes. EDA, which involves the delegation of decision-making authority, with the assessment and selection of projects taking place at the national and regional levels. A shift away from a standalone project-based approach toward a programmatic approach. 	
<p>Reduction of risk of poor outcomes</p>	<p>Accessible; responsive</p>	<p>Leveraging local intermediaries to effectively reach the most affected communities in the delivery, which may include:</p> <ul style="list-style-type: none"> Enabling civil society organizations to deliver the relevant activities of the projects (e.g., capacity-building). Partnering with grassroots organizations to deliver finance to the local level. 	

ANNEX: SUMMARY OF KEY ASSUMPTIONS & METHODOLOGY

A summary of the overall methodology is presented below; further details can be found in the separate methodology paper.

Figure 1: Methodology - \$100bn / 3Gt / 1:2-13 mobilization ratio



The methodology includes a range of **key assumptions**, including, but not limited to, the following:

ASSUMPTION 1:

The Climate Funds Update (CFU) dashboard data is a representative sample of all public climate finance flows.

Climate finance data is not consistently or comprehensively available. The CFU data provides the highest level of transparency on multilateral, bilateral and climate funds residing within and outside the United Nations Framework Convention on Climate Change process, but these represent only a small proportion of the \$325 billion in annual public climate finance flows.

Straight-line extrapolation may not be representative: the CFU data may show a higher-than-average level of inefficiencies or may represent best-in-class examples of climate finance, and hence inefficiencies in other public sources may not be reflective. Extrapolation to all climate finance flows (including private sources) was not conducted, as there is less confidence the CFU data would be representative of private climate finance flows. Although not quantified in this analysis, Green Accountability gains will still be applicable to private climate finance flows.

ASSUMPTION 2:

The extent to which Green Accountability can contribute to overcoming the key challenges that prevent climate finance pledges from being deployed.

Although there is evidence of Green Accountability mechanisms tackling climate finance inefficiencies (funds not being approved, disbursed or traced), the evidence is patchy and lacks comprehensive assessments with direct comparisons. This makes it difficult to measure the scale of the potential impact of Green Accountability, so assumptions were required.

Where possible, these assumptions were validated by case studies. Where research and transparent case studies did not exist, we looked at the literature to understand the key causes of the inefficiencies and made assumptions regarding the extent to which Green Accountability could overcome these issues.

To validate and provide enhanced precision, more empirical case studies and reviews could strengthen the evidence base and understanding of the degree to which Green Accountability solutions can tackle these challenges.

Table 1: Percentage of inefficiencies attributable to a lack of Green Accountability assumptions

CATEGORY OF INEFFICIENCY	ASSUMED % ATTRIBUTABLE TO LACK OF GREEN ACCOUNTABILITY	MECHANISM FOR IMPROVING EFFICIENCY THROUGH BETTER GREEN ACCOUNTABILITY
Not deposited to Fund Manager	0%	N/A – Note this is a conservative assumption – Green Accountability could pressure global stakeholders to ensure that pledged funds are deposited
Untraceable ¹	40 – 60%	Increasing local participation. This is based on research that found that higher local participation can address 40-60% of untraceable funds issues. ²
Increased approved funds	50 – 100%	Increasing project pipeline from involving more CSOs and local stakeholders ³ and designing programmes that are accessible and demand driven to overcome key challenges related to lack of pipeline and misalignment between fund requirements and pipeline.
Funds not disbursed	50 – 75%	Increasing CSO capacity & optimizing disbursement requirements ⁴ to overcome key observed challenges ⁵ relating to: <ol style="list-style-type: none"> 1. Risk-return profile misalignment* 2. Lack of pipeline* 3. Uncalculated transaction cost & operational inefficiencies 4. Issues during project delivery & impact monitoring* Challenges with * are addressed with improvements to Green Accountability. Assumes each challenge equally contributes to the current inefficiency.

ASSUMPTION 3:

The cost of implementing Green Accountability is equivalent to 5-10% of the climate finance deposited.

To validate this assumption, we collected data on accountability mechanisms spend from the largest mitigation and adaptation projects in the databases of the Adaptation Fund and the Global Environmental Facility. These mechanisms include capacity building, transparency systems and local stakeholder engagement. We found that the average spend on accountability mechanisms (as a percentage of total project cost) was 14% for adaptation projects and 3% for mitigation projects.

Greater transparency on Green Accountability spend and impact could validate these assumptions.

ASSUMPTION 4:

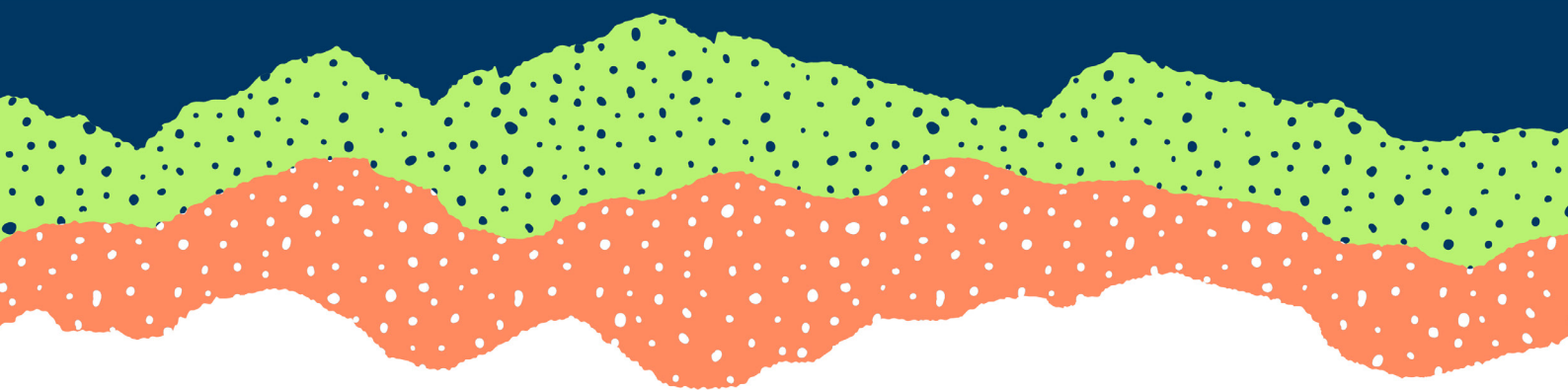
The cost of avoiding emissions (\$/TCO2) is linear and consistent.

The cost of avoiding emissions (\$/TCO2) was derived from a weighted average cost across a range of different project types with a total mitigation potential of 38.8 GtCO2e by 2030. Of course, this cost will not be linear over time: on the one hand, once the “low-hanging fruit” has been picked, the average cost will increase; while on the other hand, technical advances and stronger institutional capability may bring costs down. For simplicity, we have assumed a single value. As the output figure is only a small proportion of the global emissions reduction which must be achieved, we felt comfortable with this assumption.

Because of the assumptions above and the lack of available data, throughout the analysis we have undertaken a conservative approach and have quoted the lower bound of the results in key headlines. Real values could greatly exceed these—especially when considering the impact Green Accountability may have on private climate finance flows and the impact of avoiding projects with poor outcomes.

ENDNOTES

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- 2 Blended Finance Taskforce (2023), Better Guarantees, Better Finance
- 3 Article 13 of the Paris Agreement established an enhanced transparency framework for action and support, with built-in flexibility which takes into account parties' different capacities and builds on collective experience.
- 4 Access to climate finance, Workshop Report, International Institute for Environment and Development (IIED), 2021.
- 5 "Accountability" here is used as an umbrella term for a wide range of transparency, accountability and participatory practices.
- 6 "Civil society" in the widest sense of the term, which may also include the scientific community, the private sector and other groups.
- 7 <https://climatefundsupdate.org/data-dashboard/>.
- 8 We extrapolated the analysis to public climate finance flows instead of total climate finance flows because we are more confident in its applicability. As private climate finance has a different nature, different data points would be required to validate the assumption.
- 9 We are not advocating for all climate finance to be spent on mitigation, but merely using this as way to quantify the potential impact these savings could have through a single metric.
- 10 A wide range of high-quality mitigation projects and their mitigation potential were analyzed by Systemiq. Further details can be found at <https://www.systemiq.earth/philanthropy-climate-action/>.
- 11 Khana, M. et. al., 2022.
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- 37 <https://www.greenclimate.fund/about/partners/observers>.
- 38 <https://www.thegef.org/what-we-do/topics/civil-society-organizations>.
- 39 <https://www.environmental-auditing.org/blogs/the-role-of-supreme-audit-institutions-in-raising-resilience/>.
- 40 The Principles for Locally Led Adaptation also advocate for the concept of "integrated subsidiarity" across governance structures whereby decisions and actions take place at the lowest most effective tier of governance (<https://www.iied.org/sites/default/files/pdfs/2022-11/2123IIED.pdf>).
- 41 IIED Climate Change Group, 2022. The good climate finance guide for investing in locally led adaptation.
- 42 The Huairou Commission is a women-led social movement of grassroots women's groups from poor urban, rural, and indigenous communities, working in over 45 countries.
- 43 https://www.stopoceanplastics.com/en_gb/.
- 44 <https://impactalpha.com/in-indian-country-wolakota-buffalo-range-provides-lessons-for-indigenizing-catalytic-capital/>.



Consultation paper

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