

# Module 3a: Advocacy, policy dialogues and funding

May 2019



Frequently asked questions

## Introduction Climate finance and the IFRC

There are a lot of questions around climate change, climate change adaptation, and how to incorporate these concepts into Red Cross Red Crescent work.

Below we provide answers to some of the most frequently asked questions related to Climate finance in relation to Red Cross Red Crescent.

### Frequently Asked Questions

#### 1. Why is climate finance relevant to IFRC?

As set out in the [IFRC Framework for Climate Action towards 2020](#), the IFRC has committed to “ensure climate finance benefits the most vulnerable, and to strengthen the position of National Societies as implementing partners and recipients of climate finance. This includes direct engagement with global donors and multilateral funding agencies, but particularly also requires collaboration with national and international entities that are accredited for particular funds (such as the Green Climate Fund), providing technical advice to National Societies on the development of proposals, and serving as implementing partners for specific projects. In addition, the IFRC will continue to pursue accreditation opportunities for particular funds, where feasible and aligned with our objectives.”

Global climate finance flows, in developed and developing countries, reached a record high of USD \$437 billion in 2015, with the majority of the investment being made by the private sector. However, most climate finance is allocated to support mitigation (93% of global climate finance) rather than adaptation (explained below). Climate change adaptation poses two challenges: avoiding future risks, but also dealing with those we already see and that will get worse (Global Landscape of Climate Finance 2017). At the same time, climate change hits the poorest countries and people hardest, even while they have contributed the least to its causes. Therefore, one of the key IFRC climate change policy asks is to call for a better balance between finance for mitigation and adaptation, and an increase in support to those most vulnerable. Climate finance also presents new opportunities for Participating National Societies, who can engage in dialogue with their governments to advocate for more and better balanced financial support for mitigation and adaptation.

As the world moves towards 2020 and the implementation of the Paris Agreement, there will be pressure to increase climate finance commitments and to display a stronger climate narrative with more specificity in what has traditionally been development and humanitarian spending. The IFRC will need to stay attuned to these trends and developments, to ensure our own language and focus is adjusting accordingly. IFRC is in a strong position to bridge humanitarian, development and climate agendas in advocating for climate finance to reach the most vulnerable people.

## 2. What is 'climate finance'?

As set out in the 2013 [IFRC Guide on Climate Finance](#), the global climate finance structure is complex and varied, involving different financial instruments and a multitude of actors. The United Nations Framework Convention on Climate Change (UNFCCC) Standing Committee on Finance defines climate finance as:

*"finance (that) aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at **reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.**"*

Climate finance is therefore divided between finance for reducing greenhouse gas emissions or **climate change mitigation** ( e.g. renewable energy, energy efficiency, reducing emissions from deforestation and land-use, sustainable urban transport); and for enhancing resilience to the impacts of climate variability and change, and reducing vulnerability or **climate change adaptation** (which includes early warning systems, disaster preparedness, and resilience building). **The work of National RCRC Societies on disaster risk reduction, preparedness, resilience and reducing vulnerability aligns with the purpose of finance for climate change adaptation.**

Climate finance can come from both public and private sources, with public funds being channelled through different institutions, mostly bilaterally and through Ministries of Foreign Affairs and/or Development; together with multilateral climate funds (like the Green Climate Fund).

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## 3. What is the USD \$100 billion target for climate finance and where is the money coming from?

In 2009, during the 15th Conference of the Parties (CoP) of the UNFCCC held in Copenhagen, developed countries agreed to mobilize jointly US\$ 100 billion each year by 2020 to address the needs of developing countries. This commitment was reaffirmed in the context of the 2015 Paris Agreement. Since then, this target has been used to measure the funding commitments on climate finance. The target is thought to support both adaptation and mitigation activities, but considering the huge difference between funding for adaptation in comparison to mitigation, the Paris Agreement (Decision 1/CP.2) highlights the need for increasing in particular adaptation finance as part of the target achievement.

Whereas this commitment was made by government representatives, the agreement (also known as Copenhagen Accord) mentions that sources can come from both public and private sources (though little has been agreed on what counts as private climate finance). Studies to assess the progress towards the US\$100 billion goal estimate that in 2014 the total public and private finance mobilized by developed countries for developing countries reached **US\$ 61.8 billion**, composed by 16.7 billion of private finance mobilised by public funding, US\$ 20.4 billion from multilateral development banks and multilateral climate funds, and US\$ 23.1 billion from bilateral sources (*OECD 2015*); and total bilateral and multilateral public **funds for adaptation were estimated in US\$ 22.5 billion** (UNEP 2016).

Most of public climate finance comes from developed countries 'development budgets' also known as 'official development assistance' or ODA. ODA are voluntary financial flows from developed countries toward developing countries, which can be allocated in the form of grants, loans or equity. This is why developing countries advocate for 'new and additional' funding rather than 'relabelling' of ODA, as well as for predictability of finance, so developing countries can better plan and implement climate actions.

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## 4. Is the Green Climate Fund (GCF) the only source of climate finance for adaptation to climate change in developing countries?

No. The GCF is only one of the several multilateral climate funds which are part of the UNFCCC system, although it does currently have the biggest amount committed. The GCF was specifically established by the Copenhagen Accord as a key channel for the USD 100 billion target. Other funds supporting adaptation include the Least Developed

Countries Fund (LDCF) and Special Climate Change Fund (SCCF) managed by the Global Environment Facility (GEF) and operational since 2001, as well as the Adaptation Fund, which has its own board, and has been operational since 2009. The GCF approved its first projects in 2015 and supports both adaptation and mitigation efforts of developing countries to respond to the challenge of climate change. The GCF launched its initial resource mobilization in 2014, and rapidly gathered pledges worth USD 10.3 billion, from which US\$ 6.4 billion had been deposited as of 2017. These funds come mainly from developed countries, but also from some developing countries regions, and one city (Paris).

In addition to the UNFCCC multilateral climate funds, there are also other initiatives that provide funding, including some programmes through multilateral development banks – including for adaptation, such as the Pilot Program for Climate Resilience (PPCR) as part of the Climate Investment Funds from the World Bank; and several bilateral climate funds, for instance managed by the UK, Australian, French and the German governments.

GCF investments can be made in the form of grants, loans, equity or guarantees. The GCF works only through ‘accredited entities’, which are organisations - domestic or international - that have successfully been accredited by the GCF as eligible to submit project proposals and administer the GCF funding if awarded. It is possible for international organisations that have specialized capacities in driving climate action to become Accredited Entities to the GCF. International accredited entities can include United Nations agencies, multilateral development banks, international financial institutions and regional institutions. If a government’s capacity to engage with the GCF is low, the fund offers a [Readiness and Preparatory Support Programme](#) to enhance country ownership and access to the funding.

In addition to the formal climate funds, it is important to realise that “regular” development assistance is often counted as climate finance as well, either fully or partially. Most development agencies and development banks use a set of markers developed by the OECD to determine which percentage of a project they can count as part of their climate finance commitments. For most bilateral donor agencies, this includes the full contributions to funds like the GCF, but also a share of their regular bilateral assistance and contributions to multilateral institutions like development banks and UN agencies, depending on the share of their operations that these agencies consider climate related according to these marker systems. This system creates incentives to integrate climate change into regular programming and investments, but of course also bears some risk of double counting. In addition, it means that in climate-sensitive sectors, projects that are not climate-smart will increasingly become unattractive to donors that have targets on climate finance.

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## 5. How can IFRC and National Societies engage with the Green Climate Fund?

Several aspects need to be considered:

### a. Stronger positioning of National Societies as implementing partners with governments and accredited agencies.

Currently, National Societies may not be automatically considered as an implementing partner by accredited government departments/ministries, or other accredited agencies. This may be because their traditional partnerships may be more with agencies or Ministries responsible for disaster management or health, and not those agencies responsible for ‘climate change’ and related projects, such as Ministries of Environment or Agriculture.

When it comes to climate change adaptation, National Societies are often doing a lot of important work already through their normal programming. For example, activities related to early warning systems and disaster preparedness and risk reduction could generally be considered as climate change adaptation activities. To strengthen adaptation implementation partnerships, activities may need to be modified to become “climate smart” and take into account predictions on future disaster risks (e.g increased

floods, storms or droughts). See the IFRC Framework for Climate Action for further detail and advice on this.

If a National Society is to be seen as a strong implementation partner in the climate change field by their Government, it is key for a National Society to:

- Identify the government department focal points accredited by relevant climate funds, conduct a mapping of stakeholders engaging in climate dialogues and initiate a discussion with their Government and stakeholders on how the National Society can **work in partnership to support and complement adaptation planning and financing** at local levels with climate-smart disaster risk reduction and resilience activities and therewith support the accredited entity with the implementation of Paris Agreement commitments.
- Engage in the **National Adaptation Planning (NAP)** processes. Establishing the National Society as a key partner for engaging and reaching the most vulnerable communities can be critical for future projects and investments on adaptation. Disaster risk reduction and preparedness is identified as a key element of Adaptation, so the work that we are already doing is an important component of National Adaptation Planning. See further info on engaging in the NAP process [here](#) and case studies of NAP engagement [here](#). For example, the Kenya Red Cross, through its engagement and contribution to Kenya's National Adaptation Planning process, is now a well known and key partner to the Government and has already received climate finance from the accredited entity, the National Environment Management Authority, to support adaptation needs of vulnerable communities.
- **Support government departments in their applications and initiatives under the GCF Readiness Programme** - which seeks to support national focal points, national designated authorities to be 'ready' to receive climate finance from the GCF. Under the Readiness Programme, national focal points or national designated authorities are able to request up to USD 3 million per country for the development of national adaptation plans and up to USD 1 million per country per year for general climate finance readiness. For a National Society to access this funding, country submitted proposals would need to refer to the National Society as an implementing/delivery partner for certain activities, and then they would still need to undertake a short fiduciary assessment process.
- Continue to **invest in partnerships with key ministries and departments responsible for disaster management and risk reduction, climate and weather services and early warning and climate change adaptation**. Even where National Societies do not have an established relationship with a National Designated Authority or national accredited entities (where they exist), traditional government partners can advocate on behalf of the NS for inclusion in concept and proposal development. Development of MoUs that include provisions for partnering on GCF proposal development can be one way of formalizing this.

#### **b. Supporting strong and interested NS to become National Direct Access Agencies**

Another option for particularly strong National Societies to support or even become National Direct Access Entities (which means they would be GCF accredited agencies at the national level). GCF is seeking to prioritise accreditation of national entities, and this could lead to opportunities for some National Societies. At the moment there is generally only one National Direct Access entity in each country, but GCF will be looking to accredit more national entities.

Note that the national entity must still have adequate environmental and social safeguards to be approved, so it would be limited to very strong National Societies, which have the necessary policies and procedures in place. Even with those procedures in

place, the process is particularly cumbersome - involving a timeline of most likely more than two years and an extensive range of requirements.

### **c. IFRC leveraging existing partnerships with climate funds' international accredited entities**

IFRC can also explore leveraging its existing partnerships with accredited international organisations, UN agencies or regional organisations to work together on climate proposals. IFRC can serve as a partner in the cases where the National Societies don't have the capacity; or through a coordination and oversight function when proposals are developed at a regional or global level with relevant National Societies as the implementing partners. This could allow us to avoid much of the accreditation fiduciary requirements but still result in access to funding. IFRC is currently working on a number of partnerships, including working with UNDP on a proposal for the Adaptation Fund on climate and disability for the Asia Pacific region.

In the Pacific, the IFRC Pacific CCST has an MoU with the Secretariat of the Pacific Regional Environment Program (SPREP), a direct access regional accredited entity. The MoU includes provision to provide support on GCF proposals. Further, the IFRC is providing support to select Pacific National Societies which, through strong partnerships with their National Meteorological Services and National Disaster Management Offices, are implementing partners in a multi-country GCF proposal on Early Warning Systems.

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## **6. How can National Societies receive help or support if they are interested in accessing climate finance?**

A new guidance note and accompanying training module on Climate Finance specifically for National Societies is currently under preparation.

In the meantime, and for more tailored advice, please direct any questions to Fleur Monasso ([monasso@climatecentre.org](mailto:monasso@climatecentre.org)) or Tessa Kelly, the climate focal point in Geneva ([Tessa.Kelly@IFRC.org](mailto:Tessa.Kelly@IFRC.org)).

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