INTRODUCTION

Because drastic mitigation through substantive reduction in greenhouse gas emissions especially from the industrialized North has yet to take off, climate change is likely to get worse. It threatens to undermine a wide range of human rights of present and future generations. It also threatens to push people into poverty and underdevelopment, and lock millions deeper into it. Adaptation is looking to be a long-term requirement poor countries are most compelled, but least equipped, to undertake. The world needs a system that will deliver adequate and effective financing for climate action, especially adaptation.

Climate finance is an important feature of international cooperation in response to climate change. It is one of the two duties developed countries agreed to take on under the UN Framework Convention on Climate Change (UNFCCC), alongside the duty to lead in cutting carbon emissions. This duty is anchored on a recognition that developed countries are mainly responsible for climate change, and are morally bound to remedy its consequences on countries and communities that had little part in causing it.

As the climate finance architecture takes shape and money starts to flow into countries at scale, the issue of the development effectiveness of climate finance increasingly comes to fore, above all to do justice to the poor and marginalized whose rights and development prospects are being diminished. A rights-based approach is needed to ensure that both the processes and outcomes of climate finance fulfill and protect, rather than violate the human rights of the poor.

Lessons from decades of advocacy in aid reform show that effectiveness depends on an approach that is based on human rights, and that empowers the poor to take active ownership of climate action. Climate finance must be embedded with bottom-up efforts, nationally and internationally, to transition to sustainable, people-centered development.

At the moment, there are concerns, particularly, of the part played by traditional aid structures and relationships in climate finance. Civil society groups raise concerns that it is virtually an extension of the aid system, in that it is a top-down, donor-driven system. Climate funds under the UNFCCC have become a collection of small vertical funds suffering chronic underfunding. These multiple funding channels make climate finance fragmented. Globally, there is no coherence and no oversight. This makes it complicated at the level of recipient countries. Multiple funders come to countries with pre-set objectives, and developing countries struggle to integrate external climate funding with their own climate and development strategies.
RATIONALE

Acknowledging these challenges, countries and institutions present at the 4th High Level Forum on Development Cooperation Effectiveness held in Busan in end-2011 committed to ‘pay greater attention’ to the way climate finance is delivered at country level in support to countries’ overall national development plans and systems. Twenty-seven countries and institutions 1 signed up to the ‘Busan Building Block: Climate Finance and Development Effectiveness’, a voluntary partnership to promote coherence and collaboration across climate and development communities.

The draft implementation plan2 of the Building Block on Climate Finance states the following as its objectives:

- Strengthen linkages between climate change finance and countries’ planning, budgeting and public financial management systems;
- Support regional platforms or by preference, regional integration organizations that promote lesson-learning across countries and policy areas, especially ministries of finance, planning- and climate/environment-related institutions, and platforms established in Asia, the Pacific and in Africa; and
- Share lessons across diverse international policy processes such as the Fourth High Level Forum on Aid Effectiveness (HLF-4), UNFCCC COP and Rio +20, and pursue coherent approaches to the effective delivery of international finance based on common principles.

The envisioned outputs of the Building Block on Climate Finance include: (a) stronger country-level capacities among developing country ‘supporters’ to effectively manage climate finance in a strategic manner (Country Level); (b) sharing of best practices and lessons of managing climate finance in and outside the regions through regional platforms (Regional Level); and (c) promotion of a coherent approach to effective climate finance delivery through knowledge sharing between climate and development effectiveness policy communities (Global Level).

CSO role in the Building Block on Climate Finance

CSOs can leverage their experience in aid reform to contribute in enhancing the development effectiveness of climate finance.

Foremost in this is the recognition that effectiveness goes beyond issues of aid management and delivery, but also with the full range of development effectiveness principles, which

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1 OECD countries: Australia, Belgium, Denmark, European Commission, Korea, Mexico, New Zealand, Norway, Switzerland, Partner Countries: Bangladesh, Boliva, Cameroon, Fiji, Honduras, Indonesia, Kenya, Lesotho, Pacific Island Forum Secretariat, Peru, Samoa, Tanzania, Uganda and Vietnam, Zambia. Non-state actors1: Better Aid, UNDP, OECD. UNDP represents UN Development Group, which has 32 UN-affiliated bodies. In addition, Asian Development Bank, African Development Bank and Inter-American Development Bank have been closely involved in this initiative.

2 Busan Climate Change Finance Building Block, Draft Implementation Plan, 11 April 2012.
includes social justice, people’s empowerment and democratic development. These may be used to shape an evolving climate finance architecture that is truly responsive and focused on the needs of affected communities.

Improved participation of civil society in matters of climate finance can help ensure the effectiveness of climate financing in a number of ways: (1) in the design of adaptation and mitigation programmes being financed, CSOs have a long history of environmental advocacy and sustainable development alternative modelling that can be learned from; (2) in ensuring that financing goes to those who are most vulnerable, many CSOs programmes have demonstrated that they are the more efficient channels for resources to the poor compared to other modalities; and (3) in setting-up accountability and transparency mechanisms, CSOs have shown that it can be an effective advocate and perform ‘watchdog’ functions as counter-checks to improve accountability and accessing (demanding) for information then translating it to popular form for increased transparency.

All of these possible contributions are yet to be fully realized as CSOs remain in the margins of climate financing, be it at the country, regional or global levels. There are however, a number of ongoing initiatives from civil society organizations and platforms working at country, regional and global levels to enhance development effectiveness of climate finance, including: (a) capacity development for country-level citizen participation; (b) monitoring and tracking of climate finance flows; (c) regional and global policy reform advocacy; (d) project/programme evaluation and impact assessments; and other similar initiatives.

PROJECT DESCRIPTION

Promoting Development Effectiveness of Climate Finance: Developing effective CSO participation and contributions on the Building Block on Climate Finance is an initiative within the Better Aid Working Group on Climate Finance that aims to enable CSOs to effectively prepare its engagement on the Building Block on Climate Finance.

**Expected Results**

- An enriched evidence base on existing civil society initiatives in enhancing development effectiveness of climate finance that may be used as input to fill the gaps to effective climate finance policy and practice; and
- More informed and achieving the level necessary towards initiating and promoting effective participation by civil society organizations at various levels.

**Outputs**

The measurable outputs of this programme to achieve the above outcomes at the end of the 4-month implementation period are:

- A research report on existing CSO initiatives on climate finance representative of a study of a global scope, including activities that may directly or indirectly be related to climate finance, i.e. mitigation and adaptation, disaster risk reduction,
humanitarian, among others with accompanying analysis and recommendations for enhancing development effectiveness of climate finance;

- A report on the CSO workshop and strategy meeting to be convened for the purpose of reaching consensus on the methodology and instruments to be developed for the mapping exercise and CSO engagement on the Building Block; and

- A public activity/side event organized during COP 18 in Doha, Qatar to present the progress and results of the said mapping exercise.

Activities

The following are the components and activities of the Project:

- **CSO working group on Climate Finance workshop and strategy meeting**

  A face-to-face meeting of the CSO supporters of the Building Block on Climate Finance to reach a consensus on (a) framework, methodology, instruments and timeline of mapping exercise; (b) planning on CSO engagement on the Building Block. This is tentatively set as a 3-day meeting to be held between the 3rd week of September-1st week of October, 2012.

- **Research/mapping exercise**

  A research on existing CSO initiatives on climate finance representative of a study of a global scope, including activities that may directly or indirectly be related to climate finance, i.e. mitigation and adaptation, disaster risk reduction, humanitarian, among others with accompanying analysis and recommendations for enhancing development effectiveness of climate finance. The report will be published as well as distributed electronically.

  The results of the study feeds in to the objective of the Building Block on Climate Finance to document and input key messages and best practices in managing climate finance to other international processes and relevant fora.

- **Side event/public activity during COP 18**

  This will be the presentation of the results of the mapping exercise. A side event may be organized during COP 18 in Doha, Qatar as a multi-stakeholder activity.

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3 The initial list of CSO supporters of the BB on CF include IBON, Green Movement of Sri Lanka, INFID, Transparency International (including country chapters in Latin America), Eurodad, VOICE, ITUC, ACT Alliance.
MONITORING AND EVALUATION

The project will be carried out under the auspices of the Better Aid working group on Climate Finance. Throughout the process, this working group will provide management and oversight, which may include conducting midstream reviews to track progress and address possible implementation weaknesses; as well as end-of project evaluation.

INDICATIVE BUDGET
In USD

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<tr>
<th>BUDGET ITEMS</th>
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<td>1. CSO Working Group Workshop and Strategy Meeting</td>
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<td>3. Side event/public activity during COP 18</td>
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ABOUT THE PROPOSTENT

The Peoples’ Movement on Climate Change (PMCC) proposes this project on behalf of Better Aid working group on Climate Finance.

The Peoples’ Movement on Climate Change (PMCC) [www.peoplesclimatemovement.net](http://www.peoplesclimatemovement.net) is a network of individuals and organizations from civil society organizations and grassroots organizations of workers, peasants, indigenous peoples, women, youth, migrants and other sectors from the North and the South. Formed in 2007, the PMCC has a Facilitation Group that steers the discussions and planning on campaign and advocacy on the climate issue.
Currently, IBON International hosts the Secretariat of the PMCC and provides support in the day-to-day operations of and communications within the network, including fiscal sponsorship of funding to the network. IBON International is the international division of IBON Foundation, Inc. As an international NGO, IBON Foundation responds to international demand to provide support in research and education to peoples’ movements and grassroots empowerment and advocacy and links these to international initiatives and networks. IBON has a strong board, committed and capable staff and broad networks. It has managed grants from public and private sources and has since established its credibility and institutional capacity in the last 3 decades.

The PMCC/IBON is the lead CSO of the Better Aid platform on the Building Block on Climate Finance.

IBON is also a part of CJN (Climate Justice Now!) and is an active member of the Climate Justice Action- a global network working together with various civil society initiatives during the Copenhagen meeting. Its Programme Manager is a member of the Philippine delegation to COP 17, and serves as one of the CSO advisors on climate finance to the Philippine Climate Change Commission.

In 2011, IBON successfully organized four (4) country workshops on climate finance and development effectiveness, working with civil society platforms and organizations in Bangladesh, Vietnam, Ethiopia and South Africa. These countries have since established a follow-up committee to pursue country-level research, education and advocacy on climate finance. During COP 17 in Durban, South Africa, IBON organized a side event on climate finance and development effectiveness at the UNFCCC CSO space and at the alternative space organized by international civil society and social movements.

With its involvement in the processes at the global level on Climate Change and its extensive network of academic/ research institutions, social movements and other CSOs, IBON International with the Peoples’ Movement on Climate Change is well placed to manage this global initiative.

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