

WHAT IS CLIMATE FINANCE EFFECTIVENESS?

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Based on the discussion paper “Exploring Climate Finance Effectiveness” by Jane Ellis, Randy Caruso, Stephanie Ockenden

Setting the Stage

- The definition of what CF effectiveness is from different community perspective
- Differing community views on what constitutes effective climate finance
- Climate financing is mostly supply driven

What constitutes CF effectiveness?

Climate finance is effective when;

- objective is clear and promoted among stakeholders
- Activities it supports ensure transformative and demonstrative effect
- it considers cost effectiveness in its architecture
- it supports actions that are nationally owned and aligned with local institutions
- Its flow, utilization and accountability processes are transparent, etc.
- Miriam Chaum, et.al 2011

How do we ensure that these principles are understood and embraced by donor and recipient communities?

Different community perspective/angles

A. Development community

- Basically utilize the aid effectiveness principle

(Paris Declaration, Accra Agenda for Action, Busan Partnership, etc)



EXPECTATION THAT EFFECTIVE NATIONAL AND INTERNATIONAL
STRUCTURES AND PROCESSES WILL ENABLE EFFECTIVE OUTCOME



Whether this principle has worked or not is a subject for further discussion

THANK YOU FOR YOUR ATTENTION

B. Climate community

Climate finance effectiveness is channeled mainly through the UNFCCC system

(GEF-public sources, AF-mainly private sources through the CDM, GCF-both public and private)



EXPECTATIONS REGARDING EFFECTIVENESS ARE VARIED AND DEPENDENT ON PRINCIPLES OF FUNDING SOURCES



Some amount of synergies but still exist quite significant amount of differences. Therefore trade-offs is necessary to ensure CF effectiveness

C. Private sector

The platform CF effectiveness for this private sector is not uniform

(platforms such as the Equator principles, IIGCC's global investment statement on climate change, etc.)



CF EFFECTIVENESS EXPECTATIONS ARE VARIED BUT LARGELY CONSISTENT WITH THE DEVELOPMENT COMMUNITY VIEW THAT CF EFFECTIVENESS TRIVES UNDER EFFECTIVE NATIONAL AND INTERNATIONAL INSTITUTIONS AND STRUCTURES

How then is CF effectiveness measured?

Is it by the total amount of \$\$\$ spent?

Or by outputs of specific climate change interventions?

Or by outcomes of specific climate change interventions?

Measurement of success of interventions regarding timeframe is problematic?

Who then determines the effectiveness of CF interventions (donor or the recipient country)?

Upon which framework will different communities accept effectiveness?

Areas for common consideration across different community levels

- Ease of implementation
- Legitimacy
- Coherence and transparency
- Institutional performance- coordination, innovation and local anchorage
- Effective budget cycle- planning, execution, reporting and external auditing



1. Enabling policy environment across board
2. Common institutional architecture that determines relevant roles and responsibilities for International CF communities