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# CLIMATE FINANCE FOR ADAPTATION IN SOUTHEAST ASIA TO COP26

*Position paper of the Climate Change Working Group (CCWG) Viet Nam and the Climate Action Network Southeast Asia (CANSEA) and was developed with support of the regional climate and energy project in Asia of the Friedrich-Ebert-Stiftung (FES).*

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# BACKGROUND

This position paper reflects the joint views of two major climate change related Civil Society Organisation (CSO) networks operating within Southeast Asia. These networks are the Climate Change Working Group (CCWG) of Viet Nam, representing 12 core members as well as 1,400 CSOs and individual members, and the Climate Action Network Southeast Asia (CANSEA), representing 21 Southeast Asian NGOs and the region in the global CAN network. The aim of this paper is to give a united voice of these membership organisations on the role of civil society organisations in accessing and delivering adaptation finance. The position paper, which is based on several rounds of consultations with member organisations, provides insights into the difficulties and barriers of CSOs operating in Southeast Asia to effectively support communities and ecosystems to adapt to increasing climate change impacts. It, furthermore, discusses the current UNFCCC financial mechanism's accessibility, effectiveness, and transparency, while considering inherent challenges and opportunities for CSO engagement.

# 1. Civil Society Organisations role in accessing and delivering adaptation finance in Southeast Asia

Due to their well-established relations with communities and the local level, Civil Society Organisations (CSOs) are key agents for effective adaptation actions. The latest IPCC report as well as the increased focus on locally-led adaptation highlights the importance of providing support to the most vulnerable communities and locations at subnational levels. This realisation does, though, stand in stark contrast to realities of current international climate finance flows. A recent study found that less than 10 percent of international adaptation finance, between 2003 and 2016, was approved for locally focused climate change projects (Soanes et al., 2019). Furthermore, only 3 percent of bilateral climate finance reached Small Island Developing States (SIDS) and 20.5 percent went to Least Developed Countries (LDCs) in 2017-2018 (Carty et al., 2020). This implies that there is a need to revisit the current climate finance mechanisms to ensure that finance is received by those who need it the most and that interventions are supported by organisations with in-depths understanding of local contexts, namely the CSOs and Non-governmental Organisations (NGOs). This position paper will discuss the existing barriers, success stories, and proposed pathways to increase the accountability of governments and strengthen the effective implementation of adaptation action.

According to the United Nations (UN, 2021), a CSO "or non-governmental organization (NGO) is any non-profit, voluntary citizens' group which is organized on a local, national or international level." CSOs are commonly understood as being the third societal stakeholder group besides the public and private sector. Considering that climate finance planning and decisions are predominantly made in headquarters in distant locations by experts, who at times have limited exposure to local realities, a stronger engagement of CSOs can help to foster innovation and resolve trade-offs. CSO, further, are experienced working on and promoting gender equality, inclusiveness, and safeguards at differing political levels. Despite these potential advantages, there is a limited engagement/influencing power of local actors and CSOs/NGOs in climate finance decision-making processes (Bosma et al., 2018). This is particularly true in Southeast Asia, despite the region being among the most vulnerable areas to the impacts of climate change globally (IPCC, 2018).

# 2. International Adaptation Finance

Since the recognition by the international community that climate change will lead to unavoidable impacts, and that timely adaptation to a changed environment will be cost-effective (UNEP, 2016; Stern, 2007), climate change adaptation finance entered the debate. In this paper, climate adaptation finance is understood as all the financial resources that are mobilised, pledged, or spent to address climate change adaptation.

On a generic level, adaptation finance can broadly be differentiated between public and private adaptation finance. It was suggested to further differentiate adaptation finance into (UNEP, 2016, p. 5): (i) international public finance (provided by one country to another country for adaptation); (ii) public domestic finance (spent by a country's government for adaptation in their country); (iii) private international finance (investments by the private sector from one country for adaptation in another country); and (iv) private domestic finance (e.g. investments in adaptation by the local private sector inside one country). Private actors can be understood to comprise all private stakeholders, ranging from smallholders to international corporations.

Under the UNFCCC's Paris Agreement developed countries reconfirmed the target to provide USD 100 billion annually from 2020 onwards to support developing countries in mitigation and adaptation efforts (UNFCCC, 2015). For the time after 2025 a new common global climate finance goal is supposed to be determined for which the negotiations will be initiated at the COP 26 in Glasgow in 2021. To channel the international climate finance under the UNFCCC, the UNFCCC financial mechanism was established with the key entities being: the Green Climate Fund (GCF), the Global Environment Facility (GEF), the Special Climate Change Fund, the Least Develop Country Fund (LCDF), and the Adaptation Fund (AF).

According to latest data from OECD, the overall mobilised climate finance was USD 79 billion in 2018, including private sector finance (OECD, 2020). This figure falls short of reaching the USD 100 billion target and is low when compared to the estimated global climate finance of an estimated USD 579 billion in 2017-2018 (accounting for finance mobilised by all countries and by both public and private actors) (Buchner et al., 2019). The mobilised climate-related finance, as a percentage of their ODA, by OECD countries did, in fact, decrease from 25 percent in 2019 to 17 percent in 2020 (Dywer, et al., 2020). This can be related to increasingly constrained available public finance due to COVID-19 pandemic recovery efforts, which influences investment priorities by many donor countries. When considering Oxfam's Climate Finance Shadow Report, it becomes apparent that solely considering the total amount can be insufficient as it fails to reflect which monitoring standards and financial instrument have been used. According to the shadow report, donor reporting overstates climate finance and the climate finance net assistance in 2017-2018 was only USD 19-22.5 billion per year (Carty et al., 2020). The anticipated finalisation of the 'Paris Rule Book', during the COP 26 in Glasgow, gives some hope in this regard as it can be a podium for developed countries to reconfirm their commitments and help to sustain and increase international climate finance, particularly through market-based mechanisms (under the Article 6 of the Paris Agreement).

# 3. National public adaptation finance in Southeast Asia

The assessment of global public climate finance flows is important to inform and monitor commitments under the negotiations. It does, though, need to be complemented by information about national budget allocations. The public sector finance spent domestically on adaptation in developing countries, as well as in developed countries, is not widely monitored (UNEP, 2016, p. 28). One investigation indicates that public domestic spending in developing countries is higher for adaptation than for mitigation (Bird, 2014). In Southeast Asia the tracking of climate finance related public spending is still in its infancy. Several countries, supported by international organisations (e.g., UNDP), have conducted Climate Public Expenditure and Institutional Review (CPEIR). Table 1 provides an overview about existing CPEIRs in Southeast Asia. Building up on these initial reviews some countries start developing systematic climate finance tracking and tagging systems.

The Philippines, for example, started to monitor public climate change-related expenditures and to integrate climate actions into annual budgets. Likewise, the Ministry of Planning and Investment in Viet Nam is currently working on such a budget tagging mechanism. A question can be raised, though, whether there is a huge demand for exact figures on adaptation spending domestically and what the direct benefit of additional administrative work is. The benefit could be identified, though, in better understanding allocations in measures to reduce climate change induced risks, raise awareness, and to aggregate global climate expenditures to monitor progress towards commitments, including the new Common Global Finance Goal.

Due to the explorative and non-standardised nature of national climate tracking systems, with best-practices just emerging, a comparison of public spending within Southeast Asia is a contested endeavour. In line with increasing necessities to finance adaptation and more resources being mobilised, there is a need for better data to monitor how decision-makers are considering adaptation in policies, strategies, and planning and budgeting cycles. Particularly at sub-national levels limited data is available and existing examples are scarce.

***Table 1.*** *Overview about percentage of climate change-related public expenditure in Southeast Asia (based on CPEIRs, apart from for the Philippines which data is based CPEIR progress report, titled 'Mobilizing the Budget for Climate Change Response in the Philippines' from 2015)*

| Country | Reference year/s | % for climate[1] | % for adaptation |
|---|---|---|---|
| **Cambodia** | 2009-2011 | 16.9% | 33.0%[2] |
| **Indonesia** | 2009-2012 | 0.52% | n/a |
| **Philippines** | 2015 | 5.0% | 98.0% |
| **Thailand** | 2009-2011 | 2.7% | 68.3% |
| **Viet Nam** | 2010-2013 | 20.0% | 88.0% |

***Success Story 1.*** *The Peat Foundation (Yayasan Gambut) and Kalawi Riau, community-based forest protection in Indonesia*

**Project name:** Community-Based Forest Protection through Tree Adoption in Riau Province, Indonesia

The Riau Provincial Government through the Environment and Forestry Service (DLHK), in collaboration with the Peat Foundation (Yayasan Gambut) and Kawali Riau, initiated a tree adoption program aimed at encouraging people to keep trees in the area they live and get incentives for their protection. This program raises public donations, which will be channelled directly to the relevant indigenous/local communities without any deductions for management. The protection of trees helps to minimise landslide risks due to extreme weather events.

**Highlights:**

- Direct delivery of climate finance to indigenous/local community without deductions for management cost
- Mobilisation of USD 200,000 public funds from various sector, incl. Riau Provincial Government, forestry plantation, MOEF, Pertamina
- Funds allocated to: social fund - 15% (for poor & village development, forest development fund - 15% (planning, research, forest management), forest conservation costs - 30% (regular patrolling), and operational costs - 40% (e.g. logistics, food for team on site).

*Source: https://yayasangambut.org/adopsi-pohon-salah-satu-langkah-bersama-menuju-riau-hijau*

[1] *Considering the year with the highest climate-relevant expenditures.*
[2] *For climate proofing rural roads, limited data is available on total share of adaptation relevant spending.*



# 4. Barriers and bottlenecks for CSOs in accessing and delivering adaptation finance

The following section provides an overview about common bottlenecks and barriers based on consultations of CCWG and CANSEA member organisations and is complemented by information from existing literature on the topic. Many communities and CSOs representing their rights/needs are marginalized from "planning and financing decision-making processes, leading to ineffective and misaligned investments in adaptation" (Krishnan, 2020, p.1).

## 4.1. CSOs position in UNFCCC's financial mechanisms and related funding decision making processes

The position of CSOs in formal UNFCCC financial organisations is given through a range of seats at decision making bodies, though mostly as observers. A major barrier for many CSOs, particularly smaller ones, is the requirement by most funds to be accredited with the funding body to be eligible to access finance. The accreditation as well as project approval processes are very complex and time/cost intensive. There are limited opportunities under UNFCCC financial mechanism for direct access to funds by CSOs/NGOs. These barriers were seen to prevent local level perspectives and needs, represented by CSOs, to be considered (Hirsch, 2021). Similarly, many local CSOs do not have the financial and technical capacity to undergo comprehensive project development and approval processes. For some CSOs, the language barrier with nearly all funds using the English language creates additional access barriers.

There are, though, some formal mechanisms as well as independent CSO networks related to the representation of CSOs in different entities of the UNFCCC's financial mechanism (see Table 2). CSOs, for example, have two formal seats as Active Observers at GCF Board Meetings during which funding decisions are being made. To date 296 CSOs are Accredited Observers of the GCF. While these resembles the highest stakeholder group of accredited observers (296 out of 453), only six CSOs are accredited as Implementing Entities, under the Direct Access mechanism, accounting for only 4% of approved projects (Hirsch, 2021). All funds also have a range of policies relating to representation of CSOs and the rights of particularly vulnerable groups. While these policies exist, concern was raised that the policies and modalities do not lead to significant engagement, e.g., of woman's organisations and CSOs (Cooper Hall et al., 2019).

To lobby for the interest of CSOs as well as to monitor the efficiency of UNFCCC's financial mechanism, a range of independent CSO advisory groups and networks were formed over the years (see Table 2). CANSEA and CCWG members have expressed an additional need to receive trainings from the funds and CSO networks on how to develop bankable project proposals and how to navigate through the complex landscape of available adaptation funding channels.

***Table 2.*** *CSO representation in entities of UNFCCC's financial mechanisms*

*__Table 2.__ CSO representation in entities of UNFCCC's financial mechanisms*

| Entity | Formal representation | Engagement policies, guidelines, mechanisms | Independent CSO advisory group |
|---|---|---|---|
| **GCF** | • 02 CSOs are Active Observers at board meetings<br>• 296 CSOs are Accredited Observers<br>• 06 CSOs are accredited as Implementing Entities (IEs) | • Observer Participation Policy<br>• Guidelines on observer participation<br>• Environmental and Social Policy<br>• Indigenous Peoples Policy<br>• Gender equality and Social Inclusion policy | • GCF Observer Network (GCF Watch) |
| **GEF** | • GEF CSO network is part of the Steering Committee of the GEF Small Grants Programme<br>• CSOs are engaged in developing strategies, policies, and guidelines<br>• CSO forums at GEF Assemblies | • Policy and Guidelines on Stakeholder Engagement<br>• Policy and Guidelines on Gender Equality<br>• Policy on Environmental and Social Safeguards<br>• Principles on Indigenous People Engagement | • GEF CSO Network (GEF CSO Network)<br>• Indigenous Peoples Advisory Group |
| **SCCF** | • Same as under GEF | • Same as under GEF | • GEF CSO Network of |
| **LCDF** | • Same as under GEF | • Same as under GEF | • GEF CSO Network |
| **AF** | • NGOs and CSOs can observe AF Meetings, if they are registered with UNFCCC as observer organisations | • Environmental and Social Policy and Gender Policy | • Adaptation Fund NGO Network |

### 4.2. Lack of awareness and capacity of local governments to access climate finance

Based on the experiences of CCWG and CANSEA members it became apparent that many local and provincial governments in Southeast Asia are either unaware about or lack the capacity to access and implement climate adaptation finance. Acknowledging these challenges, the Global Commission on Adaptation and their partners committed to promote locally led adaptation action and decentralised climate finance and adaptation-related decision-making. Despite the focus on "locally led" adaptation in recent years and an increasing number of programmes aiming to strengthen the capacity of the subnational level governments, the capacity gap of provincial governments is still a major barrier for successful adaptation at the local level.

Like CSOs, many local government actors are discouraged to engage in accessing climate adaptation finance due to the complexity of requirements and limited simplified direct access modalities. The existing public finance systems, in some countries, also restrict entities to directly access international support funds if the finance is not channelled via national level ministries. Some countries start creating additional budget lines, besides common ministerial level allocations, to distribute climate finance to local levels. This is, however, no common practice among Southeast Asian governments.

For CSOs/NGOs the difficulty is, that, even if climate finance reaches local levels, they are often not engaged or given opportunities to access climate finance or to support the implementation of projects. Recognising the extensive knowledge about local circumstances of communities and capacity to engage with all stakeholders, this is a missed opportunity for local governments to effectively reach most vulnerable communities and protect ecosystems.

### 4.3. Limited efficiency of UNFCCC's financial mechanism to reach communities

Another issue is that climate finance oftentimes does not reach local levels and communities. According to Soanes et al. (2019), less than 10 percent of international adaptation finance, between 2003 and 2016, was approved for locally focused climate change projects. Due to insufficient data it is, however, unclear how much international and domestic climate finance is "led, shaped by, or reaches local communities as there currently is no standard methodology to track, monitor, and evaluate such finance flows or decision-making processes" (Krishnan, 2020, p. 3). The monitoring systems of UNFCCC's financial mechanism also tends to track sectoral adaptation finance allocation rather than how much finance is allocated to the local levels and directly reaches communities. While larger project proposals are often developed in a participatory, involving community consultations, these local voices often do not influence the final project design, particularly when they are not fully aligned with political interests of governments or implementing organisations.

Soanes et al. (2017, p.3) make a strong argument of why climate finance that reaches the local level often "delivers effective, efficient and sustainable results that enhance the impact of each dollar disbursed." They identified the key reasons to be that (Soanes et al., 2017, p.8):

- It is easier to integrate the development and climate agendas at the local level;
- Women, the disabled, youth and the socially excluded can have a greater voice by setting priorities locally rather than at higher levels;
- Local institutions, by virtue of being closer to the ground, are more transparent and accountable to communities and build trust between government, donors and local communities through effective investment, enhancing the state-citizen contract; and
- Local institutions can better understand the trade-offs between groups due to being better connected to local realities.

Considering the increasing international focus on locally led adaptation, at least on a conceptual level, the financial mechanism of the UNFCCC should ensure that the local voices are heard, and that finance reaches the targeted communities.

### 4.4. Lack transparency of financial flows and standardised monitoring of adaptation finance

Monitoring and tracking financial flows are essential components of a functioning international (and national) public climate finance architecture. The Article 13 of the Paris Agreement relates to its enhanced transparency framework, which aims to harmonize existing monitoring and reporting systems under the UNFCCC. The transparency framework supposes to monitor all emission-reduction action, implementation of adaptation, and financial flows. It is, however, still not fully agreed upon among member states. The finance component of the transparency framework is further defined in Article 13.9 and 13.10, which asks the parties to provide information on support given and received.

An existing barrier of the framework's functionality is the question on how to differentiate between regular public investments and those that can be earmarked to be climate finance. No universal agreement on this has been reached, and providing, intermediary, and receiving nations all use their own interpretation of what can be 'counted' as being climate finance (Donner et al., 2016). Adaptation finance is even more difficult to monitor than mitigation as it is unclear of how, and if, one can distinguish adaptation from development (Persson et al., 2009) and especially disaster risk reduction (Mercer, 2010). Consequently, this may lead to under-reporting or over-reporting (Terpstra et al., 2013).

Despite these challenges many CSOs are strong watchdogs to improve accountability of different entities handling climate finance and support good governance approaches. As displayed in table 2, there are a range of CSO networks monitoring policies and climate finance allocations of UNFCCC's financial mechanism. Providing CSOs with access to information and engagement in decision-making "can contribute to sound decisions about public spending and efforts to hold governments to account for the use of public money, ultimately improving outcomes" (Ballesteros & Ramkumar, 2010, p. 4). In the Philippines, for example, the Institute for Climate and Sustainable Cities (ICSC) detected a discrepancy between the climate finance received by the country and reported (by contributors) to the government. This analysis, together with other CSO studies, sufficient proof of misconduct to pressure the Philippine parliament to establish the Oversight Committee on Climate Change and apply stricter oversight regulations (Krishnan, 2020).

***Success Story 2.*** *SNV & WWF Viet Nam, Dutch Fund for Climate and Development (DFCD)*

**Project name:** Funding scheme to scale up adaptation with private sector engagement

SNV has partnered with Climate Fund Managers (CFM), World Wildlife Fund Netherlands (WWF) and FMO, Dutch entrepreneurial development bank (lead organisation) to manage the Dutch Fund for Climate and Development (DFCD), with objective to mobilise private sector investments in climate change adaptation at scale. The DFCD will run until 2037, is funded by Netherlands Ministry for Foreign Affairs and has a total value of €160 million.

**Highlights:**

- Funded climate-resilient rice seed development in Mekong Delta (project is currently in stage 1)
- Funded Hi-tech vertical farming transition from Central Highlands to Mekong Delta (minimal water & inputs)
- Funded the Agroforestry Coffee Production of Hoi An Roastery & Arabica Coffee Smallholders in Quang Tri

*Source: SNV & WWF Viet Nam*

# 5. Promote access and accountability for Adaptation Finance in Southeast Asia

The following section gives insights about areas for improvement to ensure that the available finance for adaptation meets increasing needs of communities and ecosystems in Southeast Asia, that interventions are focused on local levels and the most vulnerable groups of society, and that mobilised funds are transparently monitored.

## 5.1. Meet increasing adaptation finance gaps

While determining adaptation finance needs is a challenging task, it is obvious that the overall finance needs exceed available support. According to UNEP (2016) the total adaptation cost in developing countries could be US$ 140-300 billion by 2030 and US$ 280-500 billion by 2050. The overall adaptation finance available and needed, though, is difficult to determine, as a standardised, systematic tracking of financial flows is a challenging task. It is clear though that vulnerable region, such as Southeast Asia, will require increasing levels of available adaptation finance to cope with climate change-induced threats to avoid/reduce negative impacts on the poor and most vulnerable groups of society (IPCC, 2018).

A few investigations determine current adaptation finance flows. The Climate Policy Initiative (CPI) estimated that the global public adaptation finance was estimated to be around US$ 22 billion annually (Oliver et al., 2018). An OECD concluded that US$ 16.8 billion in international public adaptation finance were provided to developing countries in 2018 (OECD, 2020). This tremendous difference between the figures reflects the inconsistencies of current monitoring standards in climate finance.

The actual sum of global investments in adaptation is potentially higher than the given estimates. The lack of standardised and quantifiable data of financial flows, besides easily monitored public spending through multi- and bilateral channels, makes tracking a challenging task. Particularly investments in adaptation by the private sector as well as on a household level, most likely reactive to changing environments, amounts to a large sum that can only be estimated (UNEP, 2016; Averchenkova et al., 2015).

**Position statement:**
**We urge the international community to increase international climate finance to increase the resilience of those most affected by climate change impacts. The existing financial resources fall short of the needed support in developing countries.**

## 5.2. Scale-up public spending on adaptation by its governments to support locally led adaptation

While there is an increasing awareness among governments in Southeast Asia about the risks posed by climate change and the need to mobilise finance for disaster preparedness and risk mitigation, there is a clear need to increase public spending for adaptation. Despite some good practice examples, an issue which can be identified is the low capacity of public officials to understand and incorporate climate change induced hazards in planning and budgeting processes, together with constrained availability of reliable long-term data and subnational level/hazard-specific impact projections, as well as the perception towards investments in adaptation by governments. In this regard, CSOs can be collaborative partners with subnational public officials to identify, plan and implement climate actions together with local stakeholders on the ground.

According to the existing CPEIRs, governments in Southeast Asia did spend between 0.3% (Indonesia in 2012) and 20% (Viet Nam in 2013) of their public budgets on climate-related expenditures (see Table 1). Of these climate-related investment expenditures, per country, between 0.0% (Indonesia) and 98% (Philippines in 2015) were focused on adaptation.

**Position statement:**
**We urge the region's governments to scale up adaptation finance and to identify CSOs as strategic partners in working with local communities and representing local stakeholders in decision-making processes.**

*__Success Story 3.__ Global Environment Centre (GEC) Malaysia, Nature-based Solutions for wetlands conservation and sustainable management*

**Project name:** Nature-based Solutions for wetlands conservation and sustainable management - peatlands, mangroves and rivers ecosystems

Since 2008 GEC has been undertaking rehabilitation of degraded peatlands in Malaysia, firstly in Selangor and extending to Pahang in 2018. This rehabilitation programme focuses on rewetting degraded peatland areas and to engage local/indigenous communities in the rehabilitation process and empower them on best management practices for peat swamp forest. This programme also introduced alternative sources of livelihood for the communities through various low carbon activities such as tree planting, community tree nursery, community patrolling in fire prone area, beekeeping and mushroom farming, as well as handicraft and ecotourism.

**Highlights:**

- **1700** hectares degraded peatlands restored in collaboration with state government, private sector and local communities
- More than **25** river sections and related ecosystems restored
- Capacity building programmes with over **300** community groups,
- **700** education institutions, private actors and government agencies
- Community-based river water quality monitoring systems established

*Source: Global Environment Centre (GEC) Malaysia*

### 5.3. Monitor international and national adaptation efforts and finance flows

An agenda item at the COP26 will be to decide upon metrics to assess success regarding the 'Global Goal on Adaptation' (increasing resilience). This requires agreeing on approaches and methodologies for assessing resilience, adaptive capacities, and vulnerability. There are a few major difficulties in assessing adaptation outcomes (UNEP, 2021, p.10): (i) there is no single, straightforward and quantifiable metric (or even set of metrics) which exists that could be used to convert the global goal on adaptation into a measurable target (with a baseline) at the global level; (ii) there is no universal, agreed-upon assessment framework which has emerged to date; and (iii) there is a data challenge as currently there is no central data repository documenting delivered adaptation outputs which exists.

Another related issue is linked to the Paris Agreement's Article 6 about the accounting modalities for greenhouse gas emissions in the usage of tables and formats to track and report greenhouse emissions, received/provided support, and climate action. The framework will need to secure robust accounting of countries' efforts/outputs while allowing some flexibility (recognising the different technical expertise, context conditions, and available data among states). There is also a need to find an agreement on common measurement timeframes and baseline years. So far, "countries could not agree whether to synchronize their NDC targets with the established five-year ambition cycle by adopting the same NDC end date" (linked to the implementation period) (Dagnet, et. al., 2020).

Another unresolved resolution is the establishment of a mechanism to compensate (or support) countries for their climate change-induced losses and damages. No mechanism has been established, despite the Article 8 of the Paris Agreement stating that (UNFCCC, 2015): "Parties recognize the importance of averting, minimizing and addressing loss and damage... The Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts shall be subject to the authority and guidance of the Conference of the Parties... and may be enhanced and strengthened,... Parties should enhance understanding, action and support...". This vague formulation allows industrialised nations to avoid any tangible promises on providing financial compensation for losses and damages. However, an expert group had been formed at the COP25 in Madrid to resolve some of the key issues related to loss and damage and further negotiations are expected to take place at COP26 in Glasgow.

**Position statement:**
**We highlight the significant role of CSOs as independent observers, which can hold financial intermediaries and implementing organisations accountable. Any refined MRV framework under the UNFCCC should be standardised and transparent.**

### 5.4. Introduce adaptation-related levy on transactions under new carbon market mechanisms

The most anticipated and currently missing component of the Paris Agreement is the establishment of a global carbon market and emission trading mechanism (relating to the Article 6 of the Agreement). It is expected that this mechanism will link and extend a range of existing carbon markets and hoped that it will establish a more stringent 'cap and trade' approach to ensure stable market prices for carbon emissions. The basic idea of a market mechanism, under the Paris Agreement, is that it would allow one party country to purchase carbon credits (emission reductions) from another country to enabling them to continue to emit within its borders. In theory, the (particularly developed) countries should/could establish/strengthen existing national carbon markets for key emitting industries/actors to increasingly engage the private sector in covering the cost for global emission reduction. The hope is that a carbon market will establish a cost-efficient method to reduce global emissions.

This is, however, a highly contested concept and only can effectively function if a range of key issues are resolved. These issues include on a negotiation basis (Dagnet, et. al., 2020): (i) how to avoid double-counting (ensure that emissions reductions used in carbon transfers are not counted twice); (ii) how to ensure overall mitigation of global emissions (so that Article 6 is not just an offsetting tool but rather leads to emissions reductions), e.g. by implementing a strict cap of tradable carbon credits; (iii) how to clarify whether pre-2020 credits generated under the Kyoto Protocol could continue to apply to emissions targets under the Paris Agreement; and (iv) how a levy on trades can fund adaptation efforts.

The levy on trades to fund adaptation efforts can resemble the positive experiences gained during the Kyoto Protocol's Clean Development Mechanism (CDM), the predecessor of a global carbon market mechanism which traded Certified Emission Reductions (CERs). Under the CDM, a two percent levy on each issued CER was forwarded to source the Adaptation Fund (AF).

**Position statement:**
**We strongly encourage continued sourcing of the Adaptation Fund from an adaptation levy under any new carbon market mechanism of the Paris Agreement. The levy should account for at least 5 percent of all finance channelled via the new market mechanism. IN addition, an easy access of CSOs/NGOs to the Adaptation Fund should be promoted to effectively reach vulnerable local communities.**

### 5.5. Aim for ambitious new Common Global Climate Finance Goal after 2025

As a successor of the goal of developed countries to mobilise US$100 billion annually by 2020, A new Common Global Finance Goal will be determined for the year after 2025. The new global goal will be unique as it will be a joint goal on a financial target by all Paris Agreement member countries. The negotiations for this new common global finance goal will be initiated at the COP 26 in Glasgow.

It is expected that this negotiation will be contested due to political interests of different negotiation blocks. Annex I countries will, for example, have an interest to strengthen the role of the private sector, while emerging economies (particularly China, Russia, and India) and other Annex II countries have an interest to ensure a continued accountability of highly industrialised countries to provide sufficient and 'additional' finance for climate change action and to achieve any new common finance commitments post-2025.

The joint commitment will make the question regarding standardised reporting approaches of climate finance even more contested due to political motives and different data availability/capacity of the countries to transparently track climate finance flows. CSOs, as independent actors, can play a key role as watchdogs of financial flows and to represent local level perspectives on how fair and transparent monitoring systems should be designed.

**Position statement:**
**Any new Common Finance Goal should clarify how countries will be compensated for unavoidable Loss and Damage. In addition, the new climate finance goal should emphasise providing climate finance to local levels and strengthen the position of CSOs as delivery partners.**

### 5.6. Making adaptation finance work for Women, Youth, Indigenous Peoples, and other Vulnerable Groups

Despite existing policies and guidelines on women, youth, and Indigenous Peoples among many climate funds, concern was raised that the policies and modalities do not lead to significant engagement, e.g., of women's organisations and CSOs (Cooper Hall et al., 2019), in finance decision making processes.

Atmadja et al. (2020), for example, found that women and women's groups have constrained access to climate finance due to existing inequalities in regards to asset ownership, access to information, and representation in formal decision making processes. Several studies have shown that, while having many household responsibilities, women in developing countries are disproportionally more impacted by climate change (Enfield & Price, 2019; Dobson & Lawrence, 2018). Wong (2016, p. 429) points out that "if climate finance and aid do not pay sufficient attention to existing gender gaps or are not ready to challenge structural inequalities, they risk reinforcing, rather than challenging, women's subordination in access to land and public participation." There are some assessments that highlight how participation of women's group can contribute to poverty reduction and sustainability (Salehi et al., 2015), social justice (Okereke & Coventry, 2016), the effectiveness of technical assistance (OECD, 2008), and improves the impact of climate finance (Wong, 2016).

Likewise, the youth and indigenous peoples belong to those groups of society considered to be among the most affected by and vulnerable to climate change impacts. They do, however, have limited political weight to lobby for their interests. GCF's (2018, p. 1) indigenous peoples policy acknowledges this in stating that indigenous people "are also facing serious threats to the realization of their rights from climate change actions". Under the climate negotiations, the Local Communities and Indigenous Peoples Platform (LCIPP) and the YOUNGO (Youth + NGO) were established to enhance the engagement of these groups in the UNFCCC process. Despite these formal acknowledgements, the influence of YOUNGO and LCIPP on climate finance decisions remains limited.

**Position statement:**
**CSOs are uniquely positioned to represent the rights of the most vulnerable groups of society, including women, youth, and Indigenous Peoples, in climate finance decision-making processes.**

***Success Story 4.*** *CCWG Gender Working Group Viet Nam, gender mainstreaming in climate change planning*

**Project name:** Gender mainstreaming into climate change planning processes in Viet Nam

In 2017 the CCWG member formed a gender working group, which engages with the Vietnamese government to integrate strong gender-perspectives into national level climate change planning processes, including NDCs, NAP, and the National Climate Change Strategy (NCCS). This ongoing fruitful cosultation process was established after a joint effort of CCWG, UN Women, UNDP, and GIZ to develop the Policy Brief on Gender and focused on mainstreaming gender and youth into the Monitoring Systems of Vietnam's NAP as well as into the ongoing update of the country's climate change strategy.

**Highlights:**
- Continuous engagement with lead ministerial climate change entities
- Successful integration of gender-perspectives into the NDCs and NAP
- Youth awareness raising campaigns conducted and given youth a voice in climate change planning processes

*Source: CCWG Gender Working Group*

# 6. CONCLUSION

This position paper has shown that there is a mismatch between the conceptual debate about community engagement and locally led adaptation and how adaptation finance decisions are being made and by whom adaptation finance is received. The existing climate finance landscape creates entry barriers for civil society organisations to effectively engage in decision-making, monitoring, accessing, and implementing adaptation finance. These barriers constrain the ability of CSOs to represent and protect the interest of local communities and ecosystems. To address these barriers and foster fair and transparent adaptation finance in Southeast Asia, our networks encourage country representatives and climate finance institutions to strongly recognise the importance of a meaningful engagement of CSOs/NGOs to ensure that finance is received by those who need it the most and that adaptation finance decisions are based on an in-depths understanding of local realities.

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