

Distributive Equity in Decentralized Adaptation Finance:

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Abstract

Distributive equity is a question of who gets what. In international adaptation finance, it is broadly (if vaguely) agreed that those who are “particularly vulnerable” to the impacts of climate change are most deserving of the financial support to adapt. To date, most analysis of whether and how adaptation funding reaches the vulnerable has occurred at the global scale (i.e., whether vulnerable states and regions receive their fair share).

The distributive equity of adaptation finance has rarely been analyzed below the global level. Yet most multilateral and bilateral funding mechanisms place the responsibility for allocation of funding to national governments. It is well established that governments are prone to allocate public goods in an inequitable manner, following formal and informal incentives to build and maintain political power. National case studies, for example, have shown that the allocation of adaptation finance can be influenced by the incentives of ethnic politics, patronage, and clientelism.

Without a clear framework to analyze distributive equity within states, it is unclear how political decision-making influences allocation across contexts. In particular, it inhibits efforts to understand whether funding is reaching and benefiting vulnerable sub-populations within countries, many of which are vulnerable precisely because they are politically marginalized. Further, it limits understanding of which financial modalities enable equitable distribution.

Moreover, existing assessments of distributive equity within states have largely focused on allocation of funding, rather than whether that funding is utilized in an equitable manner. Dimensions of equity such as whether and how adaptation finance can contribute to enhancing capabilities of marginalised groups, protecting human rights, and addressing the root causes of vulnerability are often excluded.

We present a framework for analyzing distributive equity at the national level, which draws on literature on how distributive equity and justice principles have been applied to include components for assessing not only equity in allocation, but also the use of funds. We apply this framework to the distribution of funding under the first two pilot projects of the Green Climate Fund’s “Enhanced Direct Access” (EDA) program in Namibia and the Caribbean. On the one hand, EDA projects have the potential to enhance distributive equity. This is because national governments are empowered to sub-grant to a wide range of local-level organizations, thus spreading the benefits of adaptation finance more broadly than traditional block-grant models. On the other hand, EDA modalities could enable inequitable distribution, as devolved decision-making power may enable national governments to exercise political decision-making in sub-grant allocation.

Policy Impact

As countries and funders seek to double adaptation finance by 2025, concerns are growing that the benefits of funding are failing to reach the communities that need it most. At the same time, technical dialogues on a post-2025 climate finance goal under the UNFCCC have focused not only on quantity but also quality of finance, including which access modalities enable equitable and effective adaptation.

We provide a framework that policymakers and funders can use to plan and evaluate the distributive equity of funding allocation within countries. This framework is designed to help them answer the question: is our funding reaching and benefiting the most vulnerable communities?

By testing the distributive equity of the first two pilots of the Green Climate Fund's "Enhanced Direct Access" program, we also provide a preliminary indication of whether and how this experimental access modality enables a broader and more equitable distribution of finance to vulnerable communities. These findings will inform multilateral fund's decisions on how to improve EDA programs and whether to expand the model to additional countries and incorporate it within additional funds, such as the new loss and damage fund. They will also inform ongoing technical discussions on how to improve the quality of adaptation finance overall.