MASTER'S THESIS

How is the principle of country ownership interpreted in the recipient countries of climate finance?

Case of India and Bangladesh

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Abstract

Climate finance has been a central feature in international negotiations since 1992 and the primary purpose has been to provide additional funds associated with the transition to low-carbon and climate-resilient options in the developing countries to fight climate change. It has been demonstrated in the development aid scholarship that greater ownership by recipient countries through a show of interest and participation in aid-funded initiatives will result in more successful outcomes. The principle of ownership over the end use of climate finance in the recipient countries is crucial for finance to achieve its expected outcomes. Earlier, the principle of country ownership lost its essence as most of the international lenders did not include the needs and priorities of the recipients and linked the provision of finance based on the opinion of external experts. There is no one agreed-upon definition of country ownership, the thesis aims to answer how is the principle of country ownership interpreted in the recipient countries of climate finance. The thesis has chosen to work with Green Climate Fund as the multilateral lender and India and Bangladesh as the recipient countries of climate finance. The thesis studies the lender-recipient relationship through the theoretical lens of agency and stewardship theories. The thesis has adopted a qualitative approach and worked through conducting semi-structured interviews to gain an in-depth understanding of the principle of ownership from the perspective of the recipients of climate finance. The interviews are based on the themes generated from the theories such as alignment of climate finance, direct versus indirect access to climate finance, and accountability measures. The key results that emerged from the interviews indicate that recipients experience greater ownership when the finance is aligned to the national plans and policies of the recipient country, when the finance is channeled through national entities, and when the accountability mechanisms are tailored to existing capacities of the recipients. The thesis finally makes policy recommendations to strengthen country ownership. These direct to national capacity building with international cooperation, a faster accreditation process involving more local, regional, and private entities, reducing delays between project approval and fund disbursement, and customizing the investment requirements to the existing capacity of the recipients.

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"It always seems impossible until it's done"- Nelson Mandela

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List of Abbreviations

AE	Accredited Entity
AF	Adaptation Fund
ASAP	Adaptation for Smallholder Agriculture Programme
BCCSAP	Bangladesh Climate Change Strategic and Action Plan
COA	Country Ownership Approach
DAE	Direct Access Entity
DFID	Department for International Development
EE	Executing Entity
FP	Funding proposal
GCF	Green Climate Fund
GEF	Global Environment Facility
GHGs	Green House Gases
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IAE	International Accredited Entity
IEU	Independent Evaluation Unit
IO	International Organisation
KfW	Kreditanstalt für Wiederaufbau (formerly)
NAPCC	National Action Plan for Climate Change
NDC	Nationally Determined Contributions
NDA	National Designated Authority
NIE	National Implementing entity
NOL	No Objection Letter
PPF	Project Preparation Facility
RMGs	Ready Made Garments
SAP	Simplified Approval Procedure
TI	Transparency International
UK	United Kingdom
UNDP	United Nations Development Program
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	UN -Reducing Emissions from Deforestation and Forest Degradation
WWF	Worldwide Fund for Nature

Chapter One - Introduction

Climate finance has been a central feature in international negotiations since 1992. It is described as local, national or transnational financing drawn from public, private, and alternative sources to support climate action in addressing climate change (UNFCCC, 2014). It is most often associated with the target figure of mobilizing USD100 billion annually from the developed to the developing world (*Climate Finance*, 2022). Green Climate Fund (GCF)[1] is the world's largest dedicated multilateral climate fund set up by the United Nations Framework Convention on Climate Change (UNFCCC) Cancun Agreement in 2010. It became operational in 2015, serving the Paris agreement and supporting developing countries' transition to low emission and climate-resilient societies (GCF, 2021)

1.1 Importance of Country Ownership

The primary purpose of climate finance has been to provide additional funds associated with the transition to low-carbon and climate-resilient options (Nakhooda, 2013). Since not all developing and under-developed countries can deal with the challenges posed by climate change due to limited capabilities, they have made the implementation of their Nationally Determined Contributions (NDCs) conditional upon international climate finance (Pauw et al., 2020). In order to ensure finance is effective and able to make a greater impact in the recipient country, it needs to support nationally aligned, nationally owned, and nationally led responses (Chaum et al., 2011; Nakhooda, 2013). The developing countries have been asking for a greater voice in climate finance decisions and many are also taking ownership and responsibility by designing their national climate policies (L. Brown et al., 2013). The principle of ownership over the end use of climate finance in the recipient countries is crucial for finance to achieve its expected outcomes. The commitment of the recipient country to engage in climate change planning is strengthened if they enjoy ownership of climate finance (*UNFCCC Biennial Assessment*, 2020).

There is no one agreed-upon definition of country ownership. In the 1980s, the notion of country ownership lost its essence as most of the international institutions linked the provision of financing to the recipient country based on the opinion of external experts (Watson-Grant et al., 2016). As the name suggests, country ownership simply means that decision-making and programs implemented by an international entity is done in close consultation and greater participation by the recipient country ensuring their views and priorities are well taken into consideration. The natural question that arises is about the relevance of country ownership in a heterogeneous country with conflicting views and interests (Buiter, 2007).

Furthermore, it has been demonstrated through decades of experience in the field of development assistance that country ownership can result in greater country impact in the country (Paris Declaration, 2005; Accra Agenda, 2008; Busan Partnership, 2011). There is an inherent

[1] In 2010, GCF was created under the under UNFCCC to channelize pledges worth 100 million USD by developed countries by 2020 to support developing countries in their adaptation and mitigation efforts

assumption in the development aid scholarship that greater ownership by recipient countries through show of interest and participation in aid funded initiatives will result in more successful outcomes (Watson-Grant et al., 2016). The centrality of this principle has been extensively studied and agreed upon in the literature around aid effectiveness (Bird & Glennie, 2011; Buiter, 2007).

1.2 Objective of the Study

Making climate finance effective through helping countries own their development needs and priorities is the need of the hour (Nakhooda, 2013). As claimed by Watson-Grant et al. (2016), there is no one agreed-upon definition of country ownership. The objective of the study will be to understand how the term is understood generally and the interpreted by the recipient countries of climate finance. UNFCCC (2020) defines ownership as the alignment of climate finance to the national priorities, using national systems for spending and tracking and engagement of stakeholders. The take of World Bank on country ownership stresses enough political support both within and outside the government in the recipient country to implement projects and programs for which external assistance is needed (World Bank, 2008). It can also mean that the if the country has designed the program, the country agrees with the objectives and implements the program (Buiter, 2007).

There has been a shift in the climate finance architecture where the decision making is vested with the lender-driven institutions. The developing countries increasingly want a greater ownership and decision making powers in the climate finance (L. Brown et al., 2013). One of the central tenets of effectiveness is understanding how climate finance deployed through funds or institutions contributes to national ownership and leadership (Chaum et al., 2011).

1.3 Research Question

The text above discussed how there are several ways of looking at the principle of country ownership. The thesis aims to understand how the recipient countries of climate finance view and interpret the principle of country ownership primarily in their interaction with the largest dedicated climate fund, Green Climate Fund (GCF). The objective of the research is to understand how ownership is viewed and interpreted in India and Bangladesh through a qualitative study.

The thesis has chosen GCF as the lender of climate finance and India and Bangladesh as the recipient countries of climate finance. Both the countries have well laid out national climate plans and policies demonstrating ownership awareness. The insights from the research will highlight the differences and similarities in views of officials around the principle of country ownership. The research will test how the principle of country ownership is interpreted in both countries and if one element of country ownership is considered more important than other. The research question, the thesis aims to answer is:

How is the principle of country ownership interpreted in the recipient countries of climate finance: Case of India and Bangladesh

1.4 Societal Relevance

The thesis in social science discipline is expected to focus on a phenomenon that the policymakers might care about, the non-academic impact of the research (Bryman, 2016, p. 142). The thesis delves into the concept of country ownership of climate finance and how it is interpreted by the recipient countries. This topic is socially relevant as there is no better time to study climate finance than now as climate change is the most urgent issue of the century. The creation of GCF, the world's largest multilateral climate fund is a critical element of the historic Paris Agreement that aims to support the developing countries to achieve their climate ambition and limit climate change (GCF, 2021). By studying the principle of ownership, the research will help the policymakers, multilateral, and bilateral climate funds to understand the expectations of the recipient countries to achieve effective climate action. The thesis targets lenders and the recipients of international climate finance and the findings can guide them in making informed decisions.

1.5 Theoretical Relevance

The thesis is theoretically relevant as examines the lender-recipient relationship through the theoretical lens of agency and stewardship theory. It adds to the existing literature by examining relationship between a relatively new fund and two recipient and neighboring countries of India and Bangladesh. Additionally, the idea of country ownership is widely discussed in development aid, it's not so much discussed in the exclusive area of climate finance. The research will fill a gap in the literature at both national and international level of climate finance.

1.6 Outline of The Thesis

The remainder of the thesis is organized as follows: Chapter 2 will discuss the debates around country ownership and how it was highlighted from the literature around aid effectiveness. Chapter 3 talks about the agency and stewardship theory used to analyze the lender-recipient relationship and generate hypotheses based on theoretical constructs. Chapter 4 on methodology discusses and justifies the choice of methods and cases the researcher exercised. Chapter 5 presents the findings from the interviews conducted with respondents in India and Bangladesh. Chapter 6 discusses the research outcomes, theoretical reflections, hypotheses, policy implications and policy recommendations. The thesis makes concluding remarks in Chapter 7 where the research question is answered, research limitations are identified, and areas of future research suggested.

Chapter Two - Literature Review

2.1 Importance of Climate Finance

Paris Agreement 2015 proved to be a landmark international treaty whereby 196 parties jointly agreed to limit global temperatures to well below 2 degrees compared to pre-industrial levels (*The Paris Agreement*, n.d.). The developed world is responsible for generating majority of carbon emissions and the developing world will face the most severe consequences (Bird & Glennie, 2011). The developing countries do not have sufficient resources to deal with the challenges posed by climate change and they have made the implementation of their NDCs conditional upon international support (Pauw et al., 2020).

There have been commentaries on what climate finance should look like (*Climate Finance*, 2022; Sierra, 2011; Stewart et al., 2009). There is a lack of attention to the delivery mechanisms required at the country level for climate finance to achieve its stated aims (Bird & Glennie, 2011). There is a pressing need to ensure effective allocation of climate finance due to the urgency to act on climate change and the importance of financing sustainable development (Zou & Ockenden, 2016). In 2009, under UNFCCC, developed countries committed to mobilizing USD100 billion of climate finance annually by 2020 to address the priorities of the developing countries and later reinforced by the Paris Agreement to increase the threshold in 2025 (GCF, 2020).

2.2 Country Ownership from Aid to Climate Finance Effectiveness

Several decades of scholarship around aid effectiveness greatly informs climate finance effectiveness. Climate finance is distinct from development finance, there exists many similarities too. The lessons gained from development cooperation can be useful to establish climate delivery mechanisms (Bird & Glennie, 2011). There is a consensus that aid effectiveness principles can be suitably applied to the effective delivery of climate related development finance (Zou & Ockenden, 2016).

Zou & Ockenden (2016) find it difficult to define effective climate finance as there are numerous lenders, recipients with divergent needs and development agendas, variety of climate finance instruments to mobilize climate finance (loans, grants, guarantees, etc.). In 1980s and 1990s, the notion of country ownership lost its essence as most of the international institutions linked provision of financing to the recipient country based on the opinion of external experts (Watson-Grant et al., 2016). In order to ensure finance is effective and able to make a greater impact in the recipient country, it needs to support nationally aligned, nationally owned, and nationally led responses (Chaum et al., 2011; Nakhooda, 2013). The principle of ownership over the end use of climate finance in the recipient countries is crucial for finance to achieve its expected outcomes.

It has been demonstrated through decades of experience in the official development assistance that country ownership can result in greater country impact in the country (Paris Declaration, 2005; Accra Agenda, 2008; Busan Partnership, 2011). The commitment of the recipient country to engage in climate change planning is strengthened if they enjoy ownership of climate finance (*UNFCCC Biennial Assessment*, 2020). The main agreed upon principles by a group of both developing and developing countries included ownership of development policies and strategies, alignment of aid with country priorities and systems, harmonization of donor practices, aid predictability and transparency, results and mutual accountability (OECD, 2005). Based on evidence, they proposed three themes that hinged on ownership, inclusive partnerships and delivering results (OECD, 2008). It was after these high level meetings that the principle of country ownership over the national process was acknowledged in Paris and Accra extended the principle of ownership beyond the government and included the role of civil society organizations (CSOs) and private actors (Bird & Glennie, 2011).

There is an inherent assumption in the development aid scholarship that greater ownership by recipient countries through show of interest and participation in aid funded initiatives will result in more successful outcomes (Watson-Grant et al., 2016). In order to make climate finance effective, a reference point emerges from the development effectiveness agenda in the UNFCCC discussions (Lundsgaarde et al., 2018). Following up from the broad definitions of country ownership in the development studies, country ownership is one of the key features of climate finance flows from developed to developing countries (UNFCCC, 2020). Similar to the discussions on ownership in development cooperation context, increasing national ownership in climate finance projects considers objectives such as access to finance, aligning external finance to national priorities, engaging government and non-government stakeholders in decision-making processes, and using country systems to enhance accountability (L. Brown et al., 2013)

2.3 Different Approaches to Understanding Ownership

The thesis aims to assess how the principle of country ownership of international climate finance is interpreted by the recipient countries. Thus, it is imperative to study the wider meaning of the term. As claimed by Watson-Grant et al. (2016), there is no one agreed-upon definition of country ownership Buiter (2007) argues that the main reason behind several definitions is the word country being used as a single-acting agent when it's not the same. There are divergent views and interests even in small and homogenous countries. According to Buiter (2007), the term country ownership refers to "a property of programs, processes, plans, or strategies involving both a 'domestic' and a foreign party". So, the natural question arises on the relevance of country ownership in a heterogeneous country with conflicting views and interests (Buiter, 2007).

The notion of ownership entails "consistency of climate finance with national priorities, the degree to which national systems are used for spending and tracking, and engagement of a wide range of stakeholders" (UNFCCC, 2020). Another study enlists the main elements as aligning climate finance with the strategies of the recipient countries, recipients being the decision making authorities and ensuring accountability using the country systems in the recipient country (L. Brown et al., 2013). Ownership can be understood as control over implemented policies and also ownership of the country systems and policies in the recipient countries (Fraser & Whitfield, 2011)

2.4 Elements of Country Ownership

Making climate finance effective through helping countries own their development need and priorities is the need of the hour. It is an urgent need both for addressing climate change and development communities to maximize climate finance effectiveness (Nakhooda, 2013). Country ownership assumes a central position to assess effectiveness of climate finance and thus, it is important to deconstruct its main elements.

Brown et al (2013) refers greater ownership as finance alignment to nation's priorities, delivering funding through country institutions and fiduciary systems, and building institutional capacities. GCF's Independent Evaluation Unit (IEU) in their evaluation of GCF's country ownership approach (COA) highlighted three pillars. They included alignment of climate finance to the climate needs of the country with meaningful stakeholder consultation. Next, the country stakeholders have enough capacities to implement activities in line with the objectives of GCF. Lastly, GCF and recipient entities develop best practices to be accountable to each other (IEU, 2019).

2.4.1 Alignment to Nation's Climate Agenda

The climate finance is effective when the actions in the recipient countries are nationally owned, and finance is aligned with national plans and priorities. Climate finance should focus on long term projects to achieve sustained impact towards low-carbon and climate resilient development goals (Chaum et al., 2011). If climate finance is aligned to the national development needs and priorities in the recipient countries, the recipient countries are incentivized to strengthen their policies and institutions to implement the development strategies (Sierra, 2011). It also enables them to proactively establish and implement long term projects instead of reactively responding to the priorities of the lenders. They are able to integrate mitigation and adaptation initiatives in the national development agenda (Sierra, 2011).

However, alignment is difficult in countries lacking climate and development related plans. They would instead seek technical and monetary support towards policy development, building and strengthening institutions and engaging with the stakeholders from international partners (L. Brown et al., 2013). There is an important role of national capacities, institutional arrangements and accountability systems in order to effectively deploy finance towards low-carbon and climate resilient development (Nakhooda, 2013). Brown et al. (2013) argues that the twin objectives of ownership and accountability work together to increase the effectiveness of climate finance and are often found in conflict with one another. On the one hand, the lenders of climate finance will give ownership and empower the recipient country if there are well established mechanisms of accountability. On the other hand, the recipient country will be hesitant in building strong accountability systems if there is no ownership of funding received (L. Brown et al., 2013).

2.4.2 Stakeholder consultation

Country ownership is closely related to the engagement of state and non-state actors. By working with local institutions, it is possible to connect the most vulnerable population (with no voice otherwise) with the influential national and international level actors and processes and facilitate sharing of knowledge and innovation (Brown & Sonwa, 2015). In order to fight climate change, it is imperative to understand the problem through interactions with the local actors who also provide information of local level impacts of climate change (Omukuti, 2020a). There is a recognition of the principle of country ownership and considerations of the local communities, vulnerable population and indigenous groups in adaptation to climate change in the historic Paris Agreement (UNFCCC, 2016).

Through this principle, one can ensure that projects are designed with consultations with those who are most affected by the change and not determined by international and donor institutions alone. Through a transparent and inclusive process of consultation, the climate initiatives and the policies surrounding them enjoy broad based political support and less likely to be reversed in case of a change in government (L. Brown et al., 2013). There is a need to ensure multi-stakeholder collaborations without contestation of influence and power to enable various stakeholders in decision making processes of local needs in the country and establish the goal of country ownership. However, the existing approaches to governance of climate change prioritise government control of climate finance and reproduce inequalities by limiting the engagement of other intrastate stakeholders especially in formulation stages of projects (Omukuti, 2020b).

2.5 Measuring country ownership

It is not easy to measure country ownership and UNFCCC has identified key proxy indicators in their biennial assessment report to determine sustainable long-term impact. One of the indicators measure how much finance has been channeled to and recorded by the developing countries. To do this, one could compare biennial reports of international finance delivered by developed countries and that received by the developing countries. The second proxy variable to determine country ownership is the extent to which climate finance is aligned with the national climate priorities of recipient countries. The third proxy is how much climate finance is channeled directly to the government and national institutions in the recipient country. This is considered an inadequate indicator as ownership does not include only government but also other non-government stakeholders. There is also an important role played by CSOs and private sector in managing climate finance to support national response to climate change (UNFCCC, 2014).

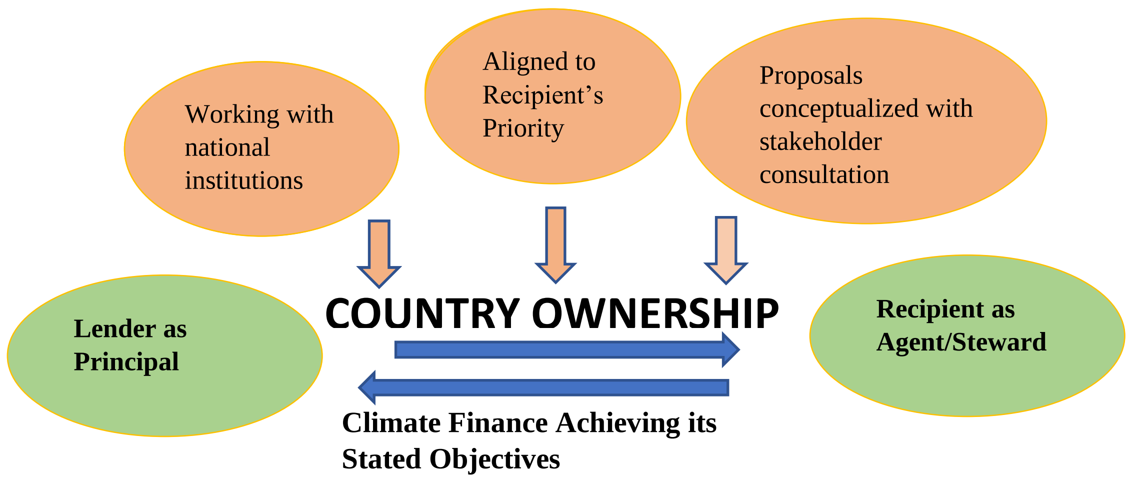
Chapter Three - Theoretical Framework

In this section, the thesis will examine the lender-recipient relationship using theoretical frameworks and come up with hypotheses and theoretical constructs. The thesis aims to study the relationship between the two actors involved in the international climate finance regime. The author is aware that in more practical settings there is more than one agent involved to undertake climate action in the recipient country[2]. The agency theory (also referred to as the principal-agent) and stewardship theory are the two theories used as a lens to study the relationships between the lenders and recipients of international climate finance. Figure 1 shows a pictorial representation of the model. The model

[2] There are several sources of public and private international climate finance. Public finance is largely provided by Development Finance Institutions (DFIs) and private finance comes mainly from commercial financial institutions and corporations (Buchner et al., 2021)

states that if the principal ensures that the recipient country enjoys greater country ownership over the end use of climate finance, there is a greater chance that the finance will be able to meet its stated objectives of climate action. The next sections will discuss the the basic structure, central tenets of the theories, application in other fields, and then proceed to formulate hypotheses.

Figure 1 Relationship between Principal and Agents/Stewards



3.1 Agency Theory

"The principal-agent theory[3] provides a flexible framework for modeling and assessing potential for influencing desired behavior in agents across a wide range of institutional structures and is a popular framework for examining public accountability" (Gailmard, 2014). The framework has been extensively used to study delegation of responsibilities to other actors (Hix & Hoyland, 2011). A principal decides to engage with an agent because the agent comes with more expertise and its cheaper to outsource (Van Slyke, 2007).

For this thesis, we chose the GCF as the principal and the accredited entities (AEs) in the recipient country as the agent. The principal is the multilateral climate fund provider set up under the UNFCCC and the agent is the regional, national, and international AE in the recipient country responsible for fund disbursement and project implementation[4]. The two parties enter a contractual relationship with different preferences. The objective of GCF is to support developing countries and help them realize their climate priorities expressed through NDCs and other climate policies through low emission and climate-resilient pathways (GCF, 2021). GCF aims to maximize climate action through financing projects at the least cost and more effort by the agent. The preference of the agent

[3] Also referred to as agency theory and used interchangeably in the thesis.
[4] There are three types of entities namely Accredited Entities responsible for receiving funds, Executing Entity (EE) responsible for disbursing funds, and Implementing Entity (IE) responsible for final implementation. In most cases, an AE is also EE and IE and in other cases, there are three different entities.

(AEs) would be procuring maximum finance from GCF and ensuring project success while putting in minimum effort.

3.1.1 Application in Other Fields

The thesis aims to apply the agency theory to study the relationship between lender and recipient of international climate finance. It has been applied previously to study several contractual relationships in international aid. Bourguignon & Sundberg (2007) studied the relationship between aid and development outcomes and found that for aid to be country-owned, the allocation must be based on monitorable results. Milner (2006) found that delegating aid distribution through international organizations (and not national entities) in recipient countries is a useful approach as it provides an assurance to the voters in the donor country that money is being spent fittingly.

Hix & Hoyland (2011) study agency theory where the Council of Minister's delegates responsibilities of agenda-setting to the European Commission. The theory was also used to study the accountability measures that align the incentives faced by the donors and recipients of climate finance in the developing countries (Basak & Werf, 2019). Brunner & Enting (2014) studied the concept of transaction costs and concluded that they reduce the climate finance effectiveness when the projects are implemented by a third party such as a national, international, or multilateral partner.

3.1.2 Central Tenets of Principal-Agent Theory

The core ingredient of the principal-agent theory is to determine accountability and especially who is (or is supposed to be) accountable to whom. In the theory, an agent undertakes an action or makes a decision on behalf of the principal (Gailmard, 2014). The thesis here considers GCF as the account holder and the AE being accountable to the GCF.

One of the assumptions of the agency theory is that both the principal and the agent work to maximize their self-interest and preferences and there is a goal conflict between the actors (Gailmard, 2014). GCF aims to maximize climate action by bringing about a paradigm shift through low-carbon and climate-resilient development pathways. The agent on the other hand, as also suggested by the classical rational choice theory, wants to maximize their budget (Basak, 2017). The agents compete for limited public resources and a larger budget can enable the agent to employ opportunistic behavior[5]. So, by that logic, an agent may be motivated to maximize their utility by using the funds opportunistically and therefore, be less accountable to the principal.

The agency theory also assumes that individuals are rational with well-defined priorities (Kluvers & Tippett, 2011). Additionally, the principal is risk neutral and employs a work cum risk averse agent (Kunz & Pfaff, 2002). The principal cannot directly observe and monitor the level of effort of the work averse agent not only because the projects are implemented in a different country but also

[5] The agent can employ more staff, pay higher salaries, and get better office infrastructure and supplies (Basak & Werf, 2019).

because it may be technically not feasible and expensive to monitor and evaluate the effort put by the agent (Basak & Werf, 2019). This can encourage agent to be uncooperative and unaccountable to the principal. The principal is risk-neutral but does extensive risk management through an intensive accreditation process combined with detailed reporting requirements. The agent may be risk-averse but not work-averse as the project outcome is in the larger interest of the recipient in this case and the agent is working to enhance its reputation due to the continuous engagement of the principal in this case. So, while the principal is not able to monitor the agent closely, perhaps it does not have to because it has already invested in accreditation and reporting mechanisms to curtail any opportunistic behavior of the agent.

Another central aspect of the model is asymmetric information where the agent has access to information that is not readily available to the principal (Gailmard, 2014). For instance, the AE can use this project-related information to its advantage during the preparation of funding proposal to attract greater finance. The GCF on the other hand being the principal ensures clear task specification and monitoring mechanisms to control the agent and hold him accountable in case of a failure. It is up to the agent eventually to act on the asymmetric information and risk failure or work towards successful project implementation (Mas-Colell et al., 1995).

3.1.3 Policy Drift and Monitoring Mechanisms

There can be several instances when the agent moves away from the tasks desired by the principal and the phenomenon is referred to as policy drift (Hix & Hoyland, 2011). This can be when the agent wants to increase its own control and influence on the climate project or use the money in projects with higher returns. To limit policy drift by the agent, the principal comes up with control measures to keep a check on agent behavior and performance. This can be done by choosing an agent who is competent to perform the task and whose preferences align with that of the principal (Hix & Hoyland, 2011). It is important to study the incentives of the agent to be accountable to the principal, thus alleviating the opportunistic behavior of the agent due to access to more information than the principal (Van Slyke, 2007). It is in fact interesting to note that in the case of GCF and its AE, the principal has screened the agent and continues to build capacity where needed to make the agent competent to administer, disburse funds and undertake climate action.

One way to control the agent is to ensure accountability by clearly specifying the delegated tasks. The principal can employ monitoring devices to constrain the possibility of deviation by the agent from the specified tasks. The monitoring devices could include employing another agent (auditor for instance) to control the performance of the first agent also called the police patrol approach. Another device is when the principal relies on the affected parties (both beneficiaries and negatively affected parties) of the project to hold the agent accountable known as the fire-alarm approach (Hix & Hoyland, 2011). The contract is designed by the parties in such a manner that all the rules and regulations are clearly laid out and the discretion of the agent is highly minimized. The characteristics apply to the relationship between the lender and the recipient of climate finance which will be discussed later.

However, the assumption of the agency theory that agents are only motivated by self-interest and there is a goal conflict between the principal and the agent, seems a little misplaced in the case of climate finance channeled through GCF to the recipients. While the theory explains the behavior of the agent, it is also considered to be one-sided as it looks at only wealth (power) maximizing nature of the agent and ignores the attributes of loyalty, pride, and collective responsibility in the agent (Donaldson, 1990). The research by Upton (2009) indicated that the predictions of the agency theory will be modified by the personality factors of the agent. Furthermore, J. Brown et al. (2009) identified anomalies in the predictions of the agency theory where the agent reports more honestly than predicted and the agent behavior is not guided purely by maximizing wealth and self-interest. So, we now focus on an alternative theoretical perspective of stewardship theory where agents are motivated not by individual goals alone.

3.2 Stewardship Theory

This relationship between the lender and recipient of climate finance merits greater attention using theories with different assumptions about the agent behavior, motivation and tools used to ensure goal alignment. The stewardship theory "defines situations in which agents are not motivated by individual goals, rather as stewards whose motives are aligned with the objectives of the principals" (Davis et al., 1997). The theory has been acknowledged but remains untested to a large extent. It has been used in the literature of public administration to describe bureaucratic behavior (Pollitt & Bouckaert, 2017).

It includes the traits of mutual trust and cooperation and is based on cooperative rather than a contentious relationship as assumed in agency theory (Cuevas-Rodriguez et al., 2012). It examines the relationships which are typically ignored by the agency theory (Van Slyke, 2007). This ensures the recipient will work in the best interest of the lender to meet the objectives of climate action and form a good basis of relationship with the lender (Berk, 2017). Stewardship theory is derived from psychology and sociology and is different from agency theory where the behavior of the agent is not solely based on self-interest but in the collective interest of the organization (Davis et al., 1997).

The AEs in the recipient countries by virtue of their specialized mission focused on using climate finance for mitigation and adaptation projects in the country, governance structure and the resource interdependent nature of the relationship with GCF will ensure goal alignment with GCF. The goals are more aligned and there is no goal conflict as seen in the agency theory. According to Van Slyke (2007), the factors that motivate stewards are responsibility, trust, reciprocity, job satisfaction, autonomy, and mission alignment. It is predicated on collective, pro-organizational behavior of the agent that emphasizes goal convergence rather than self-interest. The theory assumes that long-term relationships are based on trust, involvement and collective goals where alignment of goals between management and staff is developed by relational reciprocity (Van Slyke, 2007).

The steward (agent in the stewardship theory) places greater emphasis on cooperation over self-serving behavior even when the objectives or goals may not be directly aligned with that of the principal. This is relevant due to the long-term relationship between the actors in climate finance. A one-off assignment or a short-term project may result in different motivation and behavior by the agent (steward) but given the long-term nature of the climate projects, it is important to establish a relationship of trust. The stewards are inclined to work in the interest of the principal as they use trust and reputation as incentives. In fact, monitoring can be used as a potential sanction but is less coercive in nature (Van Slyke, 2007).

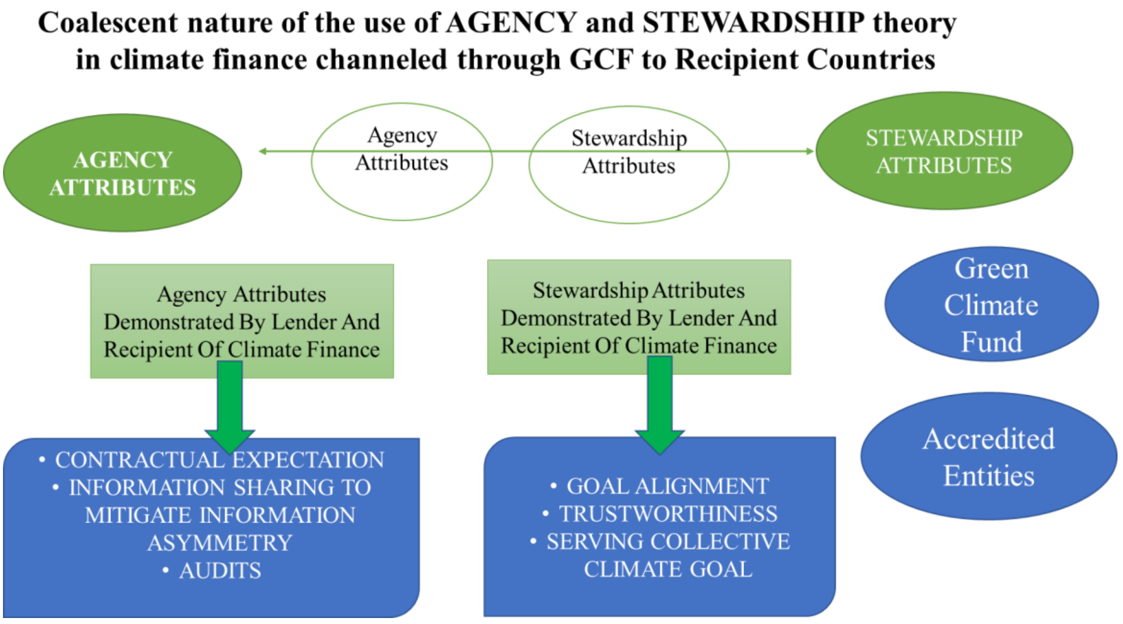
The economic payoff may not be instant in a principal-steward relationship and may come at a later point in the form of lower transaction costs (Van Slyke, 2007). There is a greater transaction cost when starting out as the principal needs to spend more time with the steward. The steward needs to be actively involved by the principal during project formulation, exchanging information and joint decision making, and generally explaining and understanding the mutual needs. This may also reduce the need to frequently monitor the steward and the programmatic activities (Van Slyke, 2007). The GCF spends significant amount of time and effort in the accreditation process to capacitate the entity in the recipient country that results in higher transaction cost in the beginning. Thus, we can safely deduce, we can pick up different aspects of agency and stewardship theory to better understand the relationship between the lender and recipient of climate finance.

3.3 Combination of Theories

These two theories help us to generate concepts that will be useful to analyze the lender recipient relationship and their perspective on country ownership of climate-related projects. We argue that if country ownership is an inherent feature during the conception of the project proposal, the explanatory power of the agency theory in terms of maximizing self-interest and accountability in reporting by the agent is weakened. The stewardship theory based on trust and cooperation helps to strengthen the relationship especially because effective climate action is greatly in the interest of the recipient and trust is important given the long-term nature of the relationship.

The main themes from the agency theory to study lender-recipient relationship are accountability, self-interest, distrust, control-oriented management outlook, goal conflict between the principal and agent. The steward theory also picks on useful themes around trust, goal alignment, collective interest, autonomy, involvement-oriented management outlook. The Figure 2 below shows how a combination of the attributes of agency and steward theory are useful to understand the relationship between the lender and recipient of climate finance.

Figure 2 Agency and Stewardship attributes demonstrated by lender and recipient of climate finance adapted from Berk, 2017



3.4 Formulating Hypotheses

The agency theory predicts that the principal cannot perfectly monitor the action of the agent who is interested in maximizing self-interest. This might suggest an opportunistic behavior on the part of the agent and thereby less accountability to the principal and leads us to test

H1-Higher the agency delegated by the principal to the agent, lower accountability on part of the agent on the use of funding

Additionally, when the principal delegates greater autonomy to the agent, presence of asymmetric information can also result in the agent having a greater say in the decision-making power over the use of funds and this leads us to test

H2- Higher the agency delegated by the principal to the agent, greater decision-making power vested in the hands of the agent in how funding is used

The agency theory typically looks at the relationship between the organization and its employees and the relationship is based on distrust and conflict in preferences. This is when the principal wants to extract maximum gains at the least cost and the agent has little incentive to put in more effort while looking for higher payments. This would lead us to the next hypothesis

H3- Greater the level of conflict between the preferences of the principal and the agent, lower effort is invested into the project by the agent

The agency theory works through a control-oriented outlook versus an involvement-oriented outlook employed in the stewardship theory. The steward is inclined to work in the collective interest and thus encouraged to put in more effort by the principal. Additionally, the relationship is based on trust, and this leads us to test

H4 - Higher the degree of trust between the principal and the agent, greater accountability in use of finance by the agent

The hypotheses based on theoretical considerations will help us to test the relationship between the lender and the recipient of climate finance and thus help us to answer the research question around the interpretation of principle of country ownership by the recipient countries of climate finance.

3.5 Control Variables

The thesis assumes that the lender ensures other factors that can result in policy drift or lower effort by the agent are held constant. There can be wrongdoing on the part of the employees of the AEs, economic conditions can result in project failure etc. There is a clear specification of task by the principal, evaluation and monitoring is performed periodically and sanctions applied where needed. Additionally, the stakeholder consultations are encouraged to hold the agent accountable.

Chapter Four - Methodology

In the previous section, we studied the theoretical boundaries and, in this section, will explain the choice of research design, case selection, process of data collection, and the validity and reliability of the thesis.

4.1 Research Design

A research design is a framework for data collection and analysis to answer the research question that the researcher is interested in. Firstly, a choice needs to be made between large-n and small-n research designs (Gschwend & Schimmelfennig, 2007, p. 5). Furthermore, the paper needs to choose amongst five prominent research designs namely (quasi) experimental designs, cross-sectional design, longitudinal design, case study design, and comparative design (Bryman, 2016, p. 39)

4.1.1 The Qualitative Approach

The thesis adopted a qualitative approach and worked through a small-n research design. This is because small-n studies are commonly associated with conducting case study comparisons or within-case analysis (Gschwend & Schimmelfennig, 2007, p. 7). The researcher chose this design for several reasons. Firstly, to achieve an in-depth understanding of the perspectives of the entities, personnel, academia, and CSOs active in the field of climate finance, in their own words and using their own frames of reference. Secondly, to understand the social world by examining and interpreting the responses of the participants. Lastly, the researcher feels more at ease while working with a qualitative approach. The thesis works through case study design and more specifically a comparative or multiple case study design using qualitative methods. The thesis demands an in-depth understanding of the phenomenon of ownership of climate finance in the recipient country and includes events outside the control of the investigator, a case study design is a good fit (Yin, 2009).

The author is aware that the qualitative approach is criticized for being too subjective in nature, relying on the unsystematic views of the researcher. Further, the characteristics of the researcher (age, gender, position and personality etc.) may also affect the responses of the participants. Since the researcher is instrumental in the process of data collection, her preferences and interpretations might influence the process of data collection and analysis afterwards (Bryman, 2016, p. 398). Additionally, given the small sample, qualitative findings are not widely applicable in other settings. The researcher is cognizant of the concerns regarding lack of rigor of case study research, lack of generalizability to population. The thesis will ensure that it follows a systematic procedure and does not allow biased views to influence the findings of the research (Yin, 2009 p.42)

The thesis looks at GCF and two recipient countries of climate finance namely India and Bangladesh to examine their perspective on country ownership. It aims to test to what extent these countries experience ownership of projects financed by GCF. This will be gauged by examining effects of climate finance channeled through direct versus international access entities, whether stakeholder consultations took place at the project formulation stage, alignment of climate finance to the climate plans and priorities of the receiving country, accountability on the part of the recipient entities and the basis of relationship between the lender and recipient of climate finance.

4.2 The Research Question

Based on the literature review and the theoretical framework, the aim of the thesis is to answer the research question – ***How is the principle of country ownership interpreted in the recipient countries of climate finance: Case of India and Bangladesh***. Following the theoretical construct of principal-agent and principal-steward, we aim to understand the relationship between the lender and recipient of climate finance. The idea is to test through interviews the beliefs and views of the recipients of climate finance and how that translates into country ownership of projects.

4.3 Case Selection and Timeframe

In this section we discuss our choice of lender and recipient countries, provide background information, discuss the period under consideration and elaborate on why the cases are important. There are five types of cases[6] and the chosen cases are examples of exemplifying cases where it epitomizes a broader category of cases and provides a good context to answer the research question (Bryman, 2016, p.62). The objective of such cases are to capture the "circumstances and conditions of an everyday or commonplace situation" (Yin, 2009, p. 48). The thesis works through an idiographic approach concerned with revealing the unique features of the case (Bryman, 2016, p. 61). The unit of analysis are

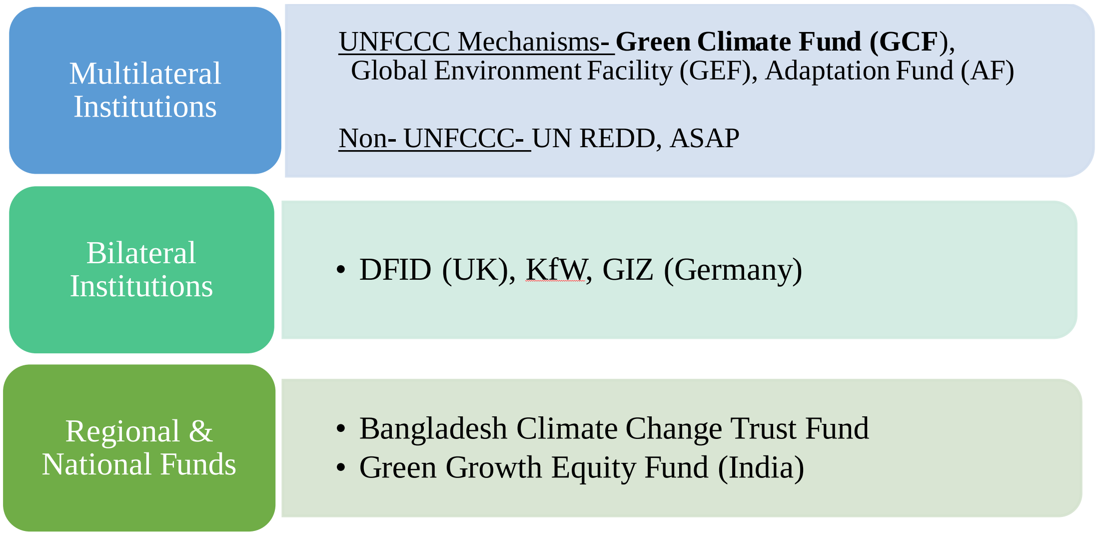
[6] The five types of cases are the critical case, extreme or unique case, representative or typical case, revelatory and longitudinal case (Bryman, 2016, p. 63)

the two countries receiving climate finance from GCF. GCF came into operation in 2015 and finances climate projects in India and Bangladesh. The timeframe typically looks at projects from 2015 to 2021 as the respondents may not have enough information about recently approved projects (GCF, 2021).

4.3.1 Choice of Lender: Green Climate Fund

Figure 3 gives a quick overview of multilateral, bilateral, regional, and national sources of finance. Climate finance has been a central feature in international negotiations since 1992; now it is most often associated with the target figure of mobilizing USD100 billion annually from developed to developing world by 2020 (not yet met). We chose GCF to study for the thesis as it is world's largest dedicated multilateral climate fund set up by the UNFCCC during Cancun Agreement 2010 and became operational in 2015, serving the Paris agreement and supporting developing countries transition to low emission and climate resilient societies (GCF, 2021). To comprehend the concept of country ownership, the GCF is good choice as it is mandated to pursue a country-driven approach (GCF, 2021) and to promote and strengthen engagement at the country levels, through direct access to finance and effective involvement of stakeholders (L. Brown et al., 2013).

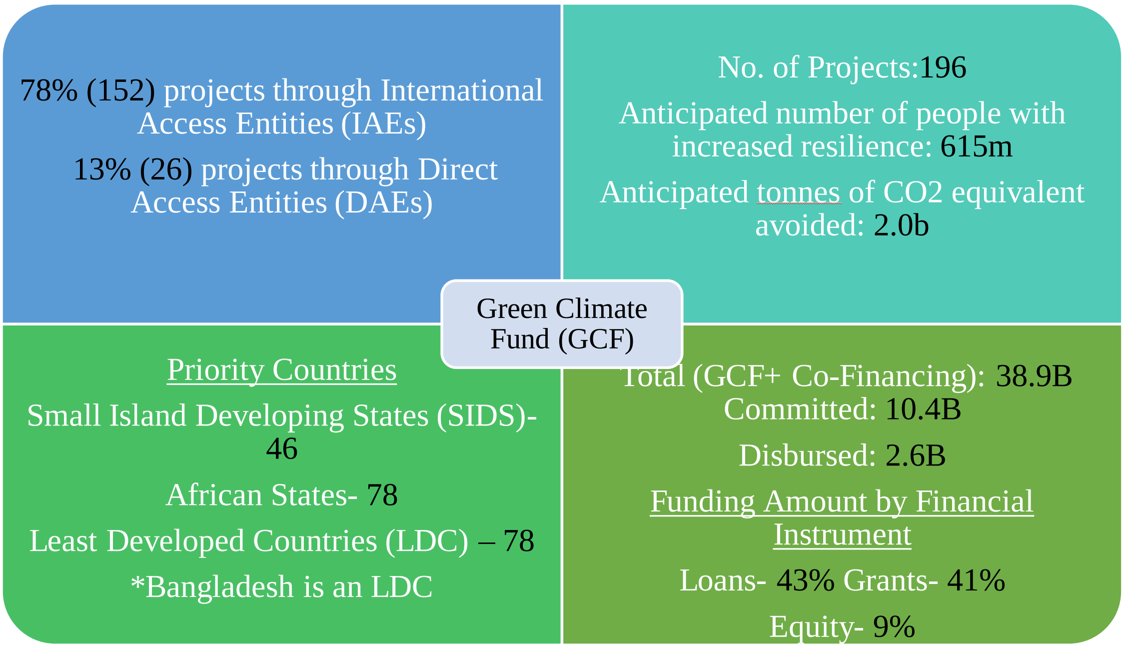
Figure 3 Climate Finance Actors: Funds



Source: Adapted from The Global Climate Finance Architecture (Nakhooda et al., 2016)

The figure 4 below gives a snapshot of global GCF operations since 2015 in terms of approved projects and funding, geographical distribution, priority countries and number of projects accessed by direct (national and regional) and indirect (international) access entities.

Figure 4 GCF Snapshot



Source: Adapted from Portfolio Dashboard, GCF (Fund, 2022)

4.3.2 Choice of Recipient Countries: India & Bangladesh

There were several reasons for choosing India and Bangladesh as the recipient countries of climate finance. The main reason being familiarity of the researcher with the countries. Since field work was outside the scope of the thesis, it was imperative to facilitate interviews remotely and this factor played an instrumental role in choosing India and Bangladesh. In an informal chat with a GCF personnel, Bangladesh came as an interesting country to study that solidified the initial interest. Selecting African and other smaller countries perhaps could have been an interesting choice, but they were deliberately excluded as the researcher was unsure of getting enough interviews, language could have acted as a barrier and other logistics such as inadequate access to internet could have been challenging. Perhaps, it could be taken up as an area of future research where field work is possible.

Additionally, easy accessibility through good internet connection and no language barrier (English widely spoken) in India and Bangladesh made them an easy choice. The choice was strengthened with an active GCF portfolio to examine the concept of country ownership as shown in the table 1 below. India is undoubtedly a bigger country than Bangladesh but due to geographical proximities (as seen in the image above), enjoy cultural similarities. Furthermore, both have mentioned climate action conditional on climate finance in NDC reports. Both countries need climate finance for mitigation and adaptation projects to address vulnerabilities to climate change and make a low carbon transition (*NDC Bangladesh*, 2021; *NDC India*, 2016).

GCF has approved projects in both the countries with projects accessed both by direct access entities (DAEs) and indirect access entities (IAEs)[7]. Due to the Least Developed Country (LDC) status of Bangladesh, there are more approved projects in Bangladesh, but India enjoys greater GCF financing owing to its large size. Table 1 below gives some indication of similarities and differences between the two countries, and it will be interesting to analyze the similarities and differences from the perception of the actors involved around ownership of climate finance channeled through GCF.

Both the countries seem to have taken ownership of the climate change agenda by devising plans and policies around climate change. Bangladesh has prepared a National Adaptation Plan of Action (NAPA, 2009), Bangladesh Climate Change Strategy and Action Plan (BCCSAP, 2009), and National Plan for Disaster Management (2010). It is in the process of preparing an updated BCCSAP, NAPA roadmap and envisioning Delta Plan 2100 to mainstream climate change to national development plans (Stock et al., 2021). India also released National Action Plan on Climate Change (NAPCC) in 2008 and outlined 8 national missions on climate change around solar, water, agriculture, energy etc. (Stock et al., 2021).

Figure 5 India and Bangladesh Comparison

	Bangladesh	**India**
Location	South Asia	South Asia
Amount of Funding Approved (USD)	651.8 million	1477.8 million
Total GCF Financing	368.6 million	514.8 million
Renewable Energy Consumption (%)	30.71	31.69
CO2 emissions (metric ton per capita 2018)	0.5	1.8
GCF Projects Approved	6	5
2013 Central Government Debt (% of GDP)	31.2	50.3
Land area where elevation is below 5 meters (%)	9.6	1.5
Direct Access Accredited Entities	2	5
CO2 emissions (2018)	0.5	1.8

[7] Indirect Access Entities are also called International Entities like FMO, UNDP, World Bank etc.

Source : (*Climate Funds Update*, 2018; Fund, 2019a, 2019b; World Bank, 2022)

4.4 Data Collection

In this section, we will talk about the type of data that has been used for research and how it was collected. There are six sources to gather evidence for case studies and these can be retrieved from documents, direct observation, archival records, interviews, participant-observation, and physical artefacts (Yin, 2003, p. 83). Interviews and participant observation are the two most used methods of data collection (Bryman, 2016, p. 492).

4.4.1 Interviews

Conducting interviews is the most widely used method followed by participant observation (Bryman, 2016, p. 466). Interviews provide flexibility to the researcher to collect qualitative data and unlike participant observations do not involve sustained absence from work/family that could prove disruptive to the researcher (Bryman, 2016, p. 466). The main method of data collection used for this thesis was interviews as the researcher was working under strict timelines with no time or budget for travel to conduct participant observations or focus group discussions (FGDs). The whole process of transcription and analysis of interviews was time consuming; the researcher was able to accommodate it.

The two main types of interviews are semi-structured (also called qualitative interview) and unstructured interviews (Bryman, 2016, p. 466). The thesis chose semi-structured interviews to collect data as a lot of emphasis is given on the views of the interviewees and the initial research ideas are more open-ended. The thesis aims to understand the views of the interviewees in the recipient countries on themes that originated from the literature and theoretical framework. The analysis is then incorporated into the idea of country ownership of climate finance. Since the qualitative interviews adopted a flexible approach, it was easier to ask follow-up questions based on the responses of the interviewees and proved to be a feasible option to get the type of answers needed for this research.

4.4.2 Interview Structure

The interviews were conducted online as the participants were based in India and Bangladesh. With the permission of the participants, interviews were recorded, transcribed, and analysed to be further used in the thesis. The semi structured interviews included a list of questions on identified themes and topics that acted as an interview guide for the researcher (Bryman, 2016, p. 468). The list of questions can be found in the appendix (Annex 1). The interviewee enjoyed the freedom to answer the questions as deemed fit and anonymity was promised to have an unbiased and free flowing discussion. The questions were tweaked depending on the background of the interviewee.

4.4.3 Interviewee Selection

The central aim of the thesis was to understand the interpretation of the principle of country ownership by the recipient countries. This is crucial to enhancing the effectiveness of the climate funding routed through GCF. Since it's a relatively new fund and the projects are in their initial stages, any information on these aspects will prove beneficial to the lender as well as the recipients of climate finance. The process of contacting prospective candidates for interviews began early. Researchers and practitioners in the field of climate finance, AEs of GCF, CSOs, Non-Governmental Organizations (NGOs), International Non-Governmental Organizations (INGOs), policy think tanks, international organizations administering finance, academics were contacted for interviews to get a rounded view of ownership of climate projects.

Several attempts were made to contact the direct access entities (national accredited entity) in India but there was no willingness to fill a questionnaire let alone spare sometime for a discussion. One person not directly linked with the GCF projects but with prior experience in managing international funding agreed to talk and give some interesting viewpoints from the same organization. The respondents in Bangladesh showed greater willingness to talk especially those working in the CSOs and policy thank tanks. Efforts to get in touch with a few national institutions including the National Designated Authority (NDA) and DAE in Bangladesh were not successful despite constant reminders. The list of interviewees can be found in the appendix (See Annex 2).

It was a time consuming and sometimes frustrating process as the contacted individuals did not respond to emails and constant reminders. As field work is outside the scope of this thesis, it was difficult to convince people working in government departments to appear for an interview. It may be because they are not used to the format of online interviews, or perhaps they did not have the time or the willingness to talk. Several emails and messages on LinkedIn together with snowballing efforts helped me to get to the desired number of interviewees. Finally, interviews were conducted with 13 candidates from India (7) and Bangladesh (6).

4.4.4 Conducting Interviews

The interviews were conducted between April 2022 to May 2022. A safe and comfortable environment was created to let the interviewees speak confidently and without hesitation. They were given the chance to be anonymous and given the freedom to stop recording at their discretion. Multiple people from similar groups were approached and where possible interviewed to reveal answers and limit individual bias (Eisenhardt & Graebner, 2007). All interviews were recorded with consent, and the approximate duration of each interview was 40-45 minutes. Most interviews were conducted in English and any use of local language can be transcribed on request.

The process of conducting interviews came with its set of challenges. Firstly, the interviewees did not have strong views about the term ownership per se and the term was better understood when broken into its oft used definitions of finance alignment to country priorities, stakeholder consultation etc. Secondly, personnel working closely with GCF went on to highlighting the policy gaps in the governance structure of GCF and not reflect so much on questions around ownership. This could be perhaps due to lack of usefulness of ownership as a term and/or lack of experience in the field. Thirdly, more interviews were conducted with personnel working in CSOs in Bangladesh than India and that is also reflected in results.

4.5 Quality Criteria

In order to assess the quality, rigour and wider potential of qualitative research, validity and reliability are some of the measures used (Bryman, 2016, p. 420). While some scholars such as Kirk and Miller (1986) have applied these concepts to qualitative research, others argue that these ideas are grounded mainly for quantitative research (Bryman, 2016, p. 46). They propose trustworthiness, credibility etc. to evaluate qualitative work, the section will limit discussion to reliability, internal and external validity for qualitative research.

4.5.1 Reliability

The concept of reliability relates to whether measurements are conducted systematically and consistently (Bryman, 2016, p. 420). This implies that if same steps are followed by another researcher, the research would produce similar outcomes. This undoubtedly, is a difficult requirement to achieve in qualitative research and the thesis is low on reliability for a variety of reasons. First, the need to replicate the social settings in which the initial research was conducted. Second, the presence of interviewer effects make it possible that two researchers using same research design ends up getting different sets of interview data (Mosley, 2013, p. 11). These effects are caused by variation in access to the interviewee by the researcher and variation in the answers respondents give during the actual process. Also, there could be variation in how the data is interpreted by the researcher (Mosley, 2013, p. 13). All these factors make replication unlikely and result in low reliability.

In this thesis, efforts have been made to increase the reliability of the research. With due consent, the interviews have been recorded and transcribed. To enable greater transparency, the set of interview questions is attached in the appendix. It must be noted that the interviews were semi-structured, so the themes remained similar, but the questions differed in a free-flowing discussion. To conduct data-analysis, elaborate interview notes can be produced on request.

4.5.2 Validity

Validity is another important criterion in research that concerns itself with the integrity of the conclusions that are produced by the research. Internal and external validity are the two facets of validity that we will discuss in the next section.

4.5.2.1 Internal Validity

According to LeCompte and Goetz, internal validity in qualitative research refers to the alignment of the observations of the researcher with theoretical ideas (Bryman, 2016, p. 384). When using interviews as means to collect data, internal validity refers to the idea of asking appropriate questions to the right individuals, asking them in the right way, whether the participant is truthful in their answers (Mosley, 2013, p. 15). It encompasses, all aspects of planning and conducting interviews that can potentially affect the quality of data collected and its capacity to meet the objectives of the research (Mosley, 2013)

According to Mosley (2013), internal validity is increased if the researcher has prior experience of conducting interviews on the given subject and by verifying paraphrased information with the respondents (Mosley, 2013). In this case, the researcher has no prior experience with interviews and no time to verify paraphrased information. On reflection, perhaps the researcher could have asked more specific and appropriate questions to different actors. For this thesis, internal validity could have been increased by conducting pilot interviews and verifying if right questions are being asked. However, due to paucity of time and difficulties in establishing early contact with the interviewees, it was not possible The thesis could have increased internal validity by interviewing fewer people more intensely and over a period of time to understand how their answers changed over time (Mosley, 2013). However, the tight deadlines and scope of the thesis did not allow to do that. Additionally, GCF is a new fund, and the projects are still in early stages of implementation with respondents having limited project experience. Thus, we can conclude that internal validity of the thesis is not high due to lack of experience of the interviewer, inability to interview more people in the same entity to elicit unbiased views and the ability to triangulate information from different sources.

4.5.2.2 External Validity

External validity refers to the extent to which the conclusions of a study can be generalised to a social setting. According to LeCompte and Goetz, the need to generalize poses a problem in qualitative research which typically employs case studies and is based on small samples (Bryman, 2016, p. 384). Many advocates of case study design and qualitative approach argue that it is not the purpose of the case study to enhance generalization to other cases (Bryman, 2016, p. 64). This research is built on comparative case-study of two recipient countries of climate finance namely India and Bangladesh. It may not be intuitive to suggest that interpretations on ownership can be generalized to other recipient countries. The governance structure and investment standards of GCF are similar for all the countries, so we can, with a degree of confidence generalize findings to countries like India and Bangladesh in size, vulnerabilities, political structure, need for climate finance and socio-economic context. Thus, we deduce that external validity is neither very high nor very low.

4.6 Data Analysis

The thesis has chosen qualitative data derived from semi-structured interviews to guide data analysis. Since this entails a large corpus of unstructured textual material, it's an arduous process and not as straightforward to analyze as experienced in quantitative analysis. There are several approaches to analyzing qualitative data and coding is the main feature of most of these approaches (Bryman, 2016, p. 570). We will discuss the various approaches and why one approach was chosen for the analysis.

4.6.1 Coding Approach and Analysis

Analytic induction, grounded theory, and thematic and narrative analysis are the general strategies of qualitative data analysis and coding is a key process in most of them. These strategies provide a framework that is used to guide the analysis of the data. Analytic induction is a rigorous method of analysis requiring further data collection and hypothesis reformulation due to single case inconsistencies. Grounded theory, though a widely used strategy of data analysis entails a constant interplay of data collection and conceptualization (Bryman, 2016, p. 587).

There are several stages involved in generic qualitative data analysis. The first stage begins with the researcher familiarising herself with either sample or complete interview transcripts. This crucial step will be followed by open or initial coding that would result in a proliferation of codes where the researcher would give names to small portions of text. In the third stage, after initial coding, the number of codes is reduced and most of the codes are elaborated into themes. In the fourth stage, the researcher will look for sub-themes and combine codes into even higher codes depending on the codes produced in the previous stage. In this stage, the researcher would label the themes that adequately represent the codes that underpin them. The researcher will ensure that these labels considered as concepts capture a large chunk of data and provide genuine insights (Bryman, 2016, p. 588). In the next stage, we will examine possible connections between concepts and study similarities and differences between them in terms of features of the cases. Based on the themes, labels, memos, and concepts from the data, we will gather insights and discuss them. While, we mentioned a structured way of data analysis above, it may not necessarily go as planned due to constant interplay between concepts and data reviewing (Bryman, 2016, p. 589)

Considering the tight schedule of the thesis process and the lack of understanding of the above-mentioned strategies, the thesis will adopt a generic data analysis approach. This analysis is essentially guided by the set of principles drawn from the thematic analysis, which provides the researcher with a way of thinking about how to manage themes and data (Bryman, 2016, p. 587).

Chapter Five – Results

This chapter will present findings based on the analysis of interviews and present themes and ideas that emerged from the discussions. We will present quotes from the interview transcripts, identify, and outline the main themes and sub-themes that emerged. The themes will help us to understand the perceptions of country ownership in the recipient countries of climate finance and how it is similar or different from the lender perspective. During the analysis of the interviews, we identified three broad themes. The themes are (1) Alignment: Whether climate finance is aligned to the climate plans and priorities of the country? (2) Direct vs Indirect Access to Finance: Does accessing finance through a direct access entity enhance country ownership? (3) Accountability measures: Does greater ownership result in more effort by the recipient and stricter accountability standards by GCF?

5.1 Alignment of Finance to Climate Plans and Priorities of the Recipients

The key findings under this theme are summarized in this section. The case of alignment of GCF finance to the climate policies and priorities of India and Bangladesh resonated with most of the interviewees. However, there was frustration on the issue of more GCF money chasing mitigation than adaptation projects despite a mandate of 50:50. The basis of the relationship between GCF and recipient was labeled as good, informal, and structured but the stringent investment requirements were considered serious impediments to designing funding proposals by the recipient countries without external (international) help. Furthermore, significant delays between project approval and money disbursement frustrated the recipients in both the countries, and the need to fast-tracking both project approvals and rejection processes was expressed.

A senior climate finance consultant (#1) from World Wild Fund for Nature, India (WWF) explained that since GCF was created under UNFCCC to fight climate change in developing countries, enlisting clear climate benefits is critical to receiving money. She quoted *"In India, solar sits squarely in the country's priorities, expressed in NDCs so GCF investment in rooftop solar is a crucial step in this direction. While transportation and industry are large consumers of energy, household consumption in the urban areas constitutes a significant consumption of grid power and constitutes a big portion of India's energy policy".* Climate finance expert (#3) from World Resource Institute (WRI) claimed that if the project is embedded very strongly into the country's policy, there is an implicit buy-in as there is a need expressed by the country itself. I quote *"The rooftop solar project is a loan-based arrangement, commercial in nature and any private sector entity could have taken up this project. However, since this was under the umbrella scheme of the national government's solar rooftop policy, it's part of the visioning and goals of the country, and thus, it attracted GCF's investment"*.

Personnel from WRI (#3) with extensive experience in writing concept notes and funding proposals stressed that GCF from its inception has emphasized country ownership of projects. *"Usually, there is a discrepancy between what's said on paper and what actually happens, it's not seen in the case of GCF"* she quoted. The national and international accredited entities (IAEs) work very closely with the schemes and interventions of national and sub-national governments. A senior official (#2) in India from the nodal Ministry handling climate change projects mentioned that India has a domestic climate policy framework, NDCs, and NAPCC that determine the climate priority areas. The governance structure of GCF is such that the project needs a No Objection letter (NOL) from the country's NDA before it is submitted for approval. *"Getting an NOL is a concrete example to ensure country ownership and the Ministry vets the funding proposal in terms of alignment of finance to the country's plans and policies and stakeholder consultation"* she quoted.

Bangladesh also has a domestic climate framework, Bangladesh Climate Change Strategic and Action Plan (BCCSAP), climate budgeting and NDCs to address climate change. A climate finance specialist (#5) at an international development organization and environmental activist (#6) confirmed that GCF projects are aligned with the climate priorities of the country. In consultation with the NDA, the GCF creates a project pipeline through rigorous stakeholder consultation which then rolls into the entity work program for the accredited entities said an official managing funds at GCF's national accredited entity in Bangladesh (#4). A PhD. candidate (#8) who conducted fieldwork for almost 8 months in Bangladesh commented that a well-written BCCSAP is a good example of the desire for country ownership over projects. It is suggestive of the fact that while climate finance is crucial, Bangladesh is already nationally funding climate action to address vulnerabilities while also looking out international funding.

Bangladesh is the global hub of the textile and readymade garment sector; two energy-intensive industries and GCF approved a project to make the textile and ready-made garment (RMGs) sector more energy efficient. The funding intervention through GCF provides financial resources to the businesses to invest in energy-efficient technology upgrades to reduce greenhouse gas (GHG) emissions. In its NDCs, Bangladesh has stated a 15% reduction in its emissions from the business-as-usual scenario by 2030 based on international support, and this funding aims to bring it closer to that target. "*Large multinationals need to ensure a sustainable supply chain; they expect the textile suppliers in Bangladesh to invest in energy-saving technologies to ensure regular business and income from international partners. This also helps to build resilience in the small and medium textile and RMG sectors in Bangladesh*" quoted #1 with an experience in writing funding proposals.

#9 and #10 represent CSOs that were critical of the alignment of climate finance in Bangladesh. I quote #9 personnel "There are more vulnerable coastal areas in Bangladesh that can benefit significantly from GCF funds, but GCF funding is not moving in that direction due to working with a limited number of National Implementing Entities (NIEs)[8]. In terms of prioritization of projects, the NIEs have little operational independence while the documents say otherwise."

Additionally, GCF stresses on co-financing and grant is a small part of the finance, this creates further pressure on a country like Bangladesh which must raise more loans on their country's balance sheet. In a country where the vulnerabilities are increasing, loan is detrimental to the resilience-building exercise. *"Bangladesh is not a polluting country per se and needs greater adaptation finance to check its rising vulnerabilities from sources like GCF"* quoted #10. Furthermore, #13 from an international accredited entity raising funds for the private sector quoted, "*NOL requirement is ridiculous for private*

[8] National Accredited Entities or Direct Access Entities were also National Implementing Entities in many GCF projects

sector actors willing to raise money through GCF. NDA anyway is already overburdened with the responsibility of vetting the funding proposals (FPs) from national entities. The FPs coming from the private sector may not get a green signal for unexplained reasons and the proposal can get stalled completely in the early stages".

5.1.1 Relationship between GCF and the Recipients

Most of the interviewees were happy with the relationship they shared with GCF being the lender of climate finance in developing countries[9]. According to #4 in Bangladesh, personnel working with the direct accredited entity of GCF, the relationship was smooth and informal with a dedicated relationship manager of GCF helping at each stage. There was enough handholding of national entities to get the project approved. This was also corroborated by an Indian official at the nodal Ministry (#2) who applauded GCF's balanced governance structure. She mentioned, *"The relationship is good as India has ambitious climate targets and GCF resources will be instrumental in undertaking blended finance that's a multiple of initial funding."*

Interviewee #7 operating in the Indian private sector termed the relationship as "structured". It was a long approval process and GCF was forthcoming and open to collaboration while being patient the whole time. Transparency International personnel (#9) engaged with GCF at several platforms to explain the needs of Bangladesh at the local level. #10 from a CSO called out the relationship as *"sweet and sour"* as no public entity has received accreditation so far despite them being major players in implementation. He observed, *"There is a fundamental challenge due to delays in response to queries from GCF and lack of mechanisms to enable faster signing of projects".*

5.1.2 Lender-Recipient Preferences: Alignment or Conflict

From the perspective of #1, leading thinker on climate change, there is no conflict between GCF preferences and that of recipient countries which is fairly evident from the kind of projects being funded. It is also based on the lessons learned from previous loans and funding facilities. She quotes "*Country priority is what has been emphasized by GCF and not a pre-determined mandate to fund only 8 areas and create projects around them. That is not certainly happening with GCF".* #7 who was actively involved in proposal writing for one of the approved GCF projects in India believed GCF expects a well-reasoned answer on the alignment of the funding proposal to the climate needs of the country in the funding proposal. The personnel (#4) working in the national accredited entity in Bangladesh commented that GCF projects ensure that the funded portfolio meets the NDC requirement, planning, and targets of the government. "*The chairman of our organization is NDA's secretary and that has direct control over how GCF funding will be used by us*" she quoted.

There are also criticisms leveled against GCF because, despite its mandate of 50:50 adaptation and mitigation projects, more money is chasing mitigation than adaptation projects due to their

[9]Not all the interviewees worked directly with GCF

commercial, bankable, and straightforward nature (#1, #3, #5, #6, #9). The coastal countries like Bangladesh; reeling under crisis conditions are the greatest sufferers due to less money directed towards building resilience through adaptation finance said an interviewee who also performed a climate finance assessment for the island country of Maldives (#1). A snapshot of GCF projects by result area and sector is attached in annex 3 in the appendices.

Additionally, loan-based finance with a loan co-financing component is further detrimental to the country with emergent adaptation needs. The argument of developing countries with limited spending capacity is that by taking loans to make a low-carbon transition, the resilience building of the people takes a back seat and they are increasingly vulnerable to climate risk. The developing countries build implicit adaptation benefits through mitigation projects which is a pity. From a developed-developing perspective, achieving mitigation targets is of huge importance to the developed world. However, it is the adaptation projects that are of paramount importance to developing countries especially Bangladesh (#1, #8)

A spokesperson from Transparency International (#9) emphasized that Bangladesh is not a polluting country and needs both mitigation and adaptation finance. However, the focus should be on adaptation projects as the livelihoods of entire villages are at risk due to climate-related disasters. I quote him *"GCF should first and foremost look to finance adaptation projects and mitigation projects come later, especially for vulnerable countries like Bangladesh."* Furthermore, in terms of climate goals, there seems to be an alignment of sorts, it is the long delays of 18-24 months between project approval and the actual signing of the project that causes immense frustration and significant changes in implementation modalities in the recipient countries.

5.1.3 Delays Between Project Approval and Initial Money Disbursement

GCF engages in a long and arduous accreditation process of entities in the recipient countries which itself takes anywhere from 12-24 months. The respondents were frustrated with the delayed fund disbursement from GCF after project approval despite the climate crisis getting worse each day. Delays were experienced in India and Bangladesh between GCF making a funding announcement and the actual fund disbursement (#1, #9, #11, #5, #4). The respondents were disgruntled with the delays and expected a faster turnaround from GCF. I quote #5, *"GCF must fast-track approvals and rejections (if any) and employ more personnel to be able to do so (if need be)".*

#1 attributed delays to (other than COVID-19) completing bank account formalities, coordination between different government departments, and so on. These delays further interfere with the co-financing commitments of the government and other private players. The agreement to co-finance a particular scheme for a particular time frame may have already crossed over. Additionally, GCF has its own bureaucratic processes, few meetings in a year, etc. #4 from the accredited entity in Bangladesh lamented that post-covid, no borrower wants to wait for such an extended period just to get an initial disbursement. A respondent who wrote a funding proposal for a GCF project in India (#11) was dejected due to the delay and *quoted "When the money finally arrives after 18 months, the climate vulnerabilities have changed and it's difficult to examine whether the GCF money was used for that project or something else".*

#9 working in a CSO in Bangladesh investigated the causes of the delay on behalf of the beneficiaries and concluded that the delay was a result of not working with direct access entities (DAEs) and increasing dependence on indirect access entities (international entities like UNDP, World Bank, etc.). He stressed the need to route the funds through well-established DAEs that have been capacitated to access international funding. Respondents in Bangladesh (#5 and #8) mentioned GCF's Simplified Approval Procedure (SAP) facilitates faster access by national entities but is operated with an upper limit of $10 million. It is a fund for small-scale projects and so the funds accessible to the DAEs are relatively smaller. The problem of weak institutional mechanisms was more vocal in Bangladesh than in India.

5.1.4 Stringent Requirements

Almost all the interviewees in both the countries talked about the stringent requirements of GCF to access funding. #4 from an accredited entity stated the GCF clauses are stringent, especially for a developing country like Bangladesh with an immature market structure. She quoted, *"GCF fund is very difficult to implement compared to other bilateral funding that does not come under the label of climate finance but does a similar job. GCF provides readiness grants to better equip the country to write a proposal but that does not ensure effectiveness*". Research scholar (#8) from her fieldwork experience in Bangladesh observed delays after approval in terms of building institutional infrastructure robustly enough to manage international funding from GCF. "*An institution needs an enormous amount of resources, time, effort, and interest to do something like that" as quoted by #8.*

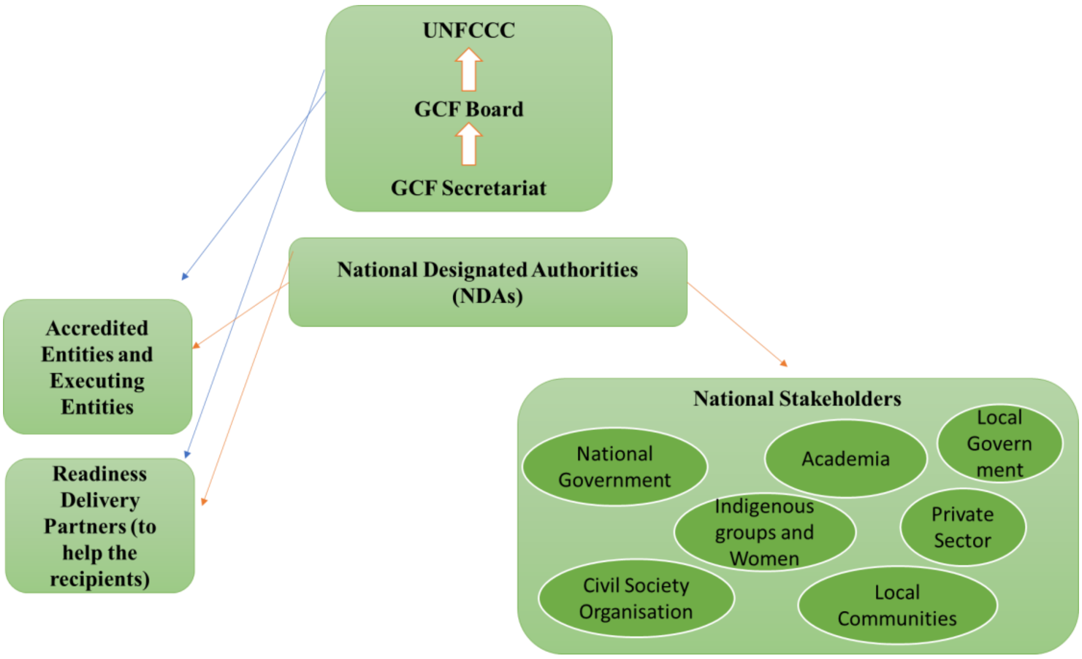
The respondents understood the rationale of GCF's stringent requirements of impact measurement, sustainability potential, environmental and social safeguards (ESS), and gender lens embedded into the projects to achieve a paradigm shift. They were more concerned about a lack of experience and capacity in writing such proposals both in India and Bangladesh. Several respondents appreciated the thinking behind these norms but achieving them remained difficult (#1, #3, #7, #11) *"Social inclusion remains notional and a token effort even from the very aware and attuned audience" (GCF trying to put more women in meetings)* quoted #1 with direct experience of working with GCF.

#11 working closely with bilateral and multilateral funds called out at the long-drawn accreditation and project approval process in GCF, with interest rates higher than bilateral funding and the investment amounts smaller. He mentioned and I quote, "*Due to strict requirements, there is lip service going on without incorporating and effectively practicing it in project implementation. There are ways of circumventing as it's difficult to pursue even for IAEs and not just DAEs. While the approach of GCF is not wrong, it's difficult to implement both for a big country like India and a small country like Bangladesh".* Interviewer #7 was involved in writing a funding proposal for a project with minimal to no adverse environmental and social risk and was component-driven with strict indemnities in place. The requirements are harder for high-risk projects, but lack of understanding, enforcement, and institutional mechanisms make it difficult. The government will perform a philosophical cost-benefit analysis to determine, and I quote, *"Whether perceived costs to relocate are lower than the perceived benefits from the projects to the population to help them decide if they wish to go ahead."*

5.2 Accessing Finance through Direct Access Entity Vs Indirect Access Entity

The key findings in this section are that in principle, there are multiple benefits to working with DAEs in terms of alignment of priorities, better coordination with other departments, cost-effectiveness, and IAEs should be functional when DAEs are not enough and less capable. In GCF projects, there are three key players namely Accredited Entity (AE), Executing Entity (EE) disbursing the fund, and Implementing entities (IEs) to access funds and implement projects. A direct access entity (DAE) is nominated by the National Designated Authority (NDA) of the country to access GCF funds and acts as a national or regional accredited entity. It's a step to ensuring country ownership of the projects by using the country programs instead of international access entities (or indirect access entities like UNDP, World Bank etc.) DAE works closely with the national implementing entities (NIEs) during the conception of the funding proposal. Additionally, channeling funds through DAEs does not necessarily mean that the sub-national governments or local organizations typically own the project. For greater country ownership, there is a need to engage the implementers at the local level (#1, #5, #6, #8, #11). In the figure 5 below, we see a representation of actors involved in the GCF governance structure.

Figure 6 Actors Involved – GCF Governance Structure adapted from (Zamarioli et.al, 2020)



5.2.1 Country Ownership and Direct Access

Most of the respondents agreed to channel GCF funds through DAEs to ensure inter-departmental coordination, alignment, and thus greater ownership. Few respondents (#1, #4, #9, #10, #5) stressed working only with DAEs while others did not mind working with IAEs (#2, #3, #7, #11). The rationale behind working with IAEs was mainly around building capacities to access more funding and working both with direct and indirect entities to increase the number of climate action proposals on the table mainly in India. In Bangladesh, the idea was to enhance the institutional capacities of DAEs and reduce dependence on IAEs as it's more cost-effective and sustainable in the long run.

According to personnel from the nodal Indian ministry (#2), an ideal approach would be accessing the GCF funds only through DAEs. Notably, GCF does not have a country cap on investments, so it is in India's interest to simultaneously work with and capitalize on the capacities of international entities and approve innovative projects in line with the country's priorities and climate policy framework of India. India would be losing out if it only approves projects through national entities. #1 involved in several climate finance assessments had strong views to work with DAEs from personal experience. *"The international entities charge high fund management fees that takes away a big chunk from the limited pot of climate finance, plus they add an additional tier of bureaucracy and employ different systems and processes in the recipient country" she quoted*. The governance structure of GCF gives enough opportunities to build capacities of DAEs for better fund management, interdepartmental coordination and thus saving a prohibitively high fee of international consultants to conceive the project.

A climate specialist (#5) from an international NGO and #10, an activist in Bangladesh commented that it is easier to access money through DAE's arranged systems instead of international entities with their own processes and mechanisms. He mentioned and I quote #10, *"The IAEs might be working in the interest of the country but due to their strict protocols and processes, the decision-making power of the national implementing entities is highly curtailed, and they have to increasingly depend on IAEs for the smallest things"*. Furthermore, it is not just enough to work with a few public direct access entities but additional public and private entities working at the grassroots level who undertake project implementation to enhance ownership and ensure good implementation. #5 commented "*Only a few national organizations in Bangladesh are not enough to receive GCF funding and implement mitigation and adaptation projects. There is a need to include other public, private, sub-national and local organizations with a significant footprint in the climate sector in Bangladesh. It is important to work with DAEs to avoid the additional fund management and administrative charges of IAEs."*

The international organizations also have their own interest and are influenced by how adaptation is happening around the world and how it fares in an international context. From a climate justice perspective, #8 observed from her fieldwork and commented "*For country ownership, some kind of participation and self-determination are critical especially when most of it is not the result of their* *own doing"*. While locals in India and Bangladesh might be working in IAEs, their responsibilities formerly lie to their global offices in the north and perhaps not so much to the local country. The rules around fund usage, meaning around project success are determined in consultation with their international offices and not so much to the local needs.

5.2.2 Country Ownership and Indirect Access

The climate finance specialist from leading global research organization (#3) and consultant involved in writing the funding proposal (#11) were not too critical of seeking help from IAEs like UNDP, World Bank etc. #11 quoted, "*The ownership concept matters more at the project conception and not so much at the project implementation stage because unless the country, state, or government agency owns the project it's difficult to get inputs from them".* At the implementation stage, while the government is equipped to carry out public works projects and input-based monitoring, there is a lacuna in meeting GCF expectations on impact-based monitoring, gender policy, environmental requirements etc. "*It's not necessary for the government to know these systems if that's implemented by IAEs"* said #11 with an extensive experience with climate donors.

As previously mentioned by the respondents, the GCF requirements are stringent, the governments look to international consultants to enhance the climate rationale of the projects in terms of building resilience. Perhaps, working with IAEs will not dilute country ownership if the ownership of the project is anchored by the country and no one else stands to benefit except the country. Furthermore, from the perspective of implementing entities, it does not matter whether the projects are administered by DAEs or IAEs if the concerned implementer is taken into confidence and funds are disbursed timely.

#4 working closely with GCF in Bangladesh said *"Since NDA gives NOL to implement the project, IAEs will develop the project in their areas of expertise, and sometimes that might not be the country's priority. NDA feels that multilateral projects are not developed in consultation with the public sector and is more comfortable with DAEs than IAEs".* The impression from India is that the projects conceived by IAEs are implemented by national institutions and that ensures a good degree of ownership together with alignment to priorities. I quote #2 who deals directly with GCF personnel, "*It's a pragmatic way of working with IEs and they come with their own set of expertise and innovative project ideas*".

5.2.3 Stakeholder Consultations

Stakeholder consultation is a GCF requirement when designing a project that must also be ensured by the NDA while vetting the funding proposal. This is extremely important as most of the projects are designed and conceptualized at the national level with little to no consultation with the local government tasked with project implementation. Furthermore, there is a need to include consultations with implementation partners and targeted beneficiaries to understand their expectations and concerns. For instance, "*When consulted, the beneficiaries might not agree to the proposed interest rates of GCF and*

NGOs could propose state schemes that are perhaps better with attractive rates, and less stringent monitoring mechanisms" quoted #3 with experience in writing funding proposal. These consultations also make the process inclusive and increasingly give ownership to the stakeholders involved such as the private sector, local governments, local communities, academia, CSOs etc.

The impression from the Bangladesh interviews has been that while stakeholder consultations are conducted, they are mainly performed to comply with the GCF requirements. The extent of consultation with the beneficiaries, local government and other stakeholders is not certain. In India, the respondents seemed hopeful and noted that public consultations are taking place and projects are conceptualized by the NGOs through grant technical assistance[10]. AE representative #4 quoted, *"We work with the NGOs for the specific project under study, as they have local knowledge".* Others (#5, #6 and #10) observed that at the local level where the project is implemented, while there is a desire by the local organizations to have a say in the use of finance, it's difficult to access finance directly from the contributors and their voice is not heard. At the same time, the stringent rules make it increasingly difficult for small NGOs to access finance directly and must go through longer and more strenuous channels (#13).

The growing belief has been that GCF does not conduct extensive checks on stakeholder consultations unlike other ESS and gender requirements (#5, #6, #13). It is mainly up to the NDAs to ensure that adequate consultations are performed during project formulation. The NDAs are therefore in the driving seat to ensure country ownership and a lot thus depends on their own capacities.

5.2.4 Case of Ownership in India and Bangladesh

In India, DAEs are mostly involved in GCF projects except for a few. In a few projects, where IAEs are involved, the concerned Ministry was working together with IAEs from the beginning, and then they got additional funding from GCF. While Bangladesh needs more support and technical capacity building, it's believed the stakeholders lose their voice in the process. #3 from a global research organization quoted *"In India, NDA is very strong, and they would not let any project go through GCF without adequate say".* An international entity was chosen over national entity in one of the GCF projects as it was an innovative idea with the national entity having little expertise. Thus, IAE was approached as it was *"nimble and acquainted with GCF processes together with co-financing interest"* said #7s who lead the writing of the funding proposal (FP).

Also, since GCF invests in innovative projects, sometimes it's better to go through IAEs as they have more expertise and more capacity than national AE. Perhaps, it's a matter of time and capacity building and then even DAEs can invest in innovative projects with more efficiency in both India and Bangladesh. In Bangladesh on the other hand, out of 6 projects, only 2 are managed by DAEs and the rest by international entities. This is mainly due to the evolving nature of capacity building which takes

[10] There is technical assistance provided by GCF to hold stakeholder consultations and actually come up with a funding proposal

time and there is a need to act fast in a vulnerable country like Bangladesh so collaboration with IAEs becomes indispensable.

5.3 Accountability

The mandate of GCF stresses country ownership of projects balanced by strict accountability of funding proposals by extensive reporting on gender, environmental and social safeguards, impact, and sustainability potential etc. GCF works with milestone project funding and releases money based on submitted progress reports by the accredited entities. The key findings here have been a tradeoff between ownership and accountability where greater ownership is matched by a greater accountability mechanisms. The AEs nominated by NDAs are mandated to be accountable and follow strict procedures to ensure accountability to the GCF to build trust and a sense of collective responsibility and avoid any opportunistic behavior. Lastly, due to discrepancies between reported documents and reality, a need to conduct independent financial and performance audits was expressed in Bangladesh.

5.3.1 Accredited Entities and Accountability Mechanisms

Typically, the AE would want to undertake independent project implementation once the money is received and submit a report on project completion. Most respondents mentioned reporting and accountability mechanisms are strictly embedded into contractual obligations with no scope of deviation. The carefully planned accreditation process of the GCF aims to strengthen the institutional and financial infrastructure for better fund management. In Bangladesh with weaker institutional infrastructure combined with transparency and accountability breaches in the past (#5, #6, #9, #10), the need for accountability was higher.

Additionally, since the AEs are nominated by the NDA, the onus of accountability in terms of fund usage also rests with the government of recipient countries. *"The government-affiliated DAEs in Bangladesh and India with their management board comprising of government officials enable them to be more trustworthy and accountable than other public or private sector organizations"* quoted #4 and#12 working in the recipients' accredited entities. When asked about the private sector entity getting accreditation status in Bangladesh, #4 was certain of them qualifying to become an accredited entity but direct control of the NDA will be absent and that can compromise accountability. "*In India, private sector entities have been given accreditation due to trust reposed by the NDA and their commitments towards social responsibilities"* quoted #2, an Indian official.

The AEs undertake strict accountability mechanisms which are also strengthened during the accreditation process carried out by GCF. The rules around repayment, compliance, periodic reporting, and fiduciary standards are strict and that's why the accreditation process is stretched as it aims to build adequate capacities. While acknowledging the need to have good accountability mechanisms, respondents (#13, #11) were critical of broad-based indicators and expressed the need to customize

"One size fits all criterion cannot be used by GCF in a country like Bangladesh where these mechanisms need to be customized according to the needs of the country" quoted #6, an activist.

5.3.2 Agency to the recipient country

In India, the national entities assume a significant degree of ownership in all GCF projects as mentioned by the personnel in the nodal Ministry. A private sector implementing entity respondent on agency and accountability opined #7 *"By virtue of being incubated by the government of India, the mandate was laid out clearly and there was no reason not to be accountable".* The fund structure works in a way where the investors have no say in how the money is managed. GCF sets out clear boundary conditions and above that, there is complete freedom, and the only accountability is the commercial terms agreed with the investor with time-based reporting.

Similar sentiments were echoed in Bangladesh with enough agency given to AEs after fund approval and timely reporting (#4, #8). GCF works closely with NDAs and will report any accountability breaches but since the project is largely in the interest of the country, there is little reason to do so. #1 and # 3 acknowledged and I quote #3, *"GCF learned from mistakes made in previous engagements such as Clean Development Mechanism where excessive policing did not give enough flexibility to meet its targets in the first place".*

5.3.3 Financial and Performance Audits

In Bangladesh, there were instances and anecdotal evidence citing discrepancies between what is reported and the reality (#8, #9, #10). It's a standard procedure to conduct internal audits in any project but the need to conduct financial and performance audits by independent auditors was expressed especially in Bangladesh. "*The evaluation documents paint a very different picture of reality, and this is overlooked in a smaller country like Bangladesh with limited external audits*, lamented #9. There was anecdotal evidence citing illegal use of the power of maximization of self-interest. The documents look immaculate and there seem to be no project deficiencies or breaches. These are revealed only when targeted beneficiaries are approached which is an expensive and time-consuming process.

"GCF funding is very small in comparison to national and bilateral climate spending in Bangladesh", quoted #9. Thus, it's not in the interest of AE to strictly monitor the NIEs just for GCF and spoil relationships in case of any breaches. Most of the breaches are either hidden or ignored. In practice, third-party audits are recommended to ensure quality project implementation, lessons learned, failures, successes, etc. Internal audits can study progress and make rectifications but there is a need for more. The gold standard is having a third-party evaluator. *"There is a lack of trust in Bangladesh as seen from the interactions but overplaying that factor reduces the ability to raise additional funding from the global north and adds an extra layer of scrutiny",* quoted #8 from her fieldwork observations. Audits were recommended especially by folks working in CSOs in Bangladesh due to weak institutional infrastructure, the culture of secrecy, and illegal use of power (#5, #6, #9, #10). *"GCF must rely on*

third-party evaluators because there is a collusive relationship between the AE and implementing entity and that's how they sustain themselves" quoted #10.

Contrastingly, NDA in India does not conduct micromanagement of the GCF projects as it trusts the systems of DAEs and IAEs and requests progress reports on demand[11]. Internal audits are conducted by the implementing organizations, but they are not trustworthy in Bangladesh said #4 and#9. On the other hand, there was enough confidence reposed in the abilities of accredited entities in India to perform audits and be accountable (#7, #12).

Chapter Six – Discussion

6.1 Interpretation

The utility and the power of the term ownership appeared ambiguous in the interviews. It could be because the respondents did not engage in the project at the design stage where this concept is more relevant or it's a technical and an umbrella term that is better understood through its components. Ownership alone did not attract comments unless it was combined with a specific question around climate finance alignment, stakeholder consultation, etc. The narrative that finally emerged from both the countries on the aspect of country ownership is similar and different in many aspects.

Over the years, the countries have experienced greater involvement in project formulation and design and thus experience ownership of projects financed by multilateral lenders. They both expressed the need to build more domestic capacities to access climate finance directly through national institutions. Now, the countries work together with both direct and indirect access entities as there are not enough accredited direct access entities in the country. Capacity building is an ongoing and evolving process, especially with the stringent project reporting requirements of GCF around impact potential, paradigm shift potential, gender policy, environmental and social safeguards etc.

The key findings and similarities observed in India and Bangladesh are that the climate finance is aligned with the plans and priorities in the recipient country and concerns are ripe around more finance chasing mitigation than adaptation projects. The stringentt requirements, long accreditation process, delays in fund approval and disbursement, and fewer accredited DAEs need a harder look on the part of GCF to strengthen its mandate of country ownership.

The above-stated results indicate that both India and Bangladesh experience more country ownership of projects in the current governance structure of GCF-financed projects. The alignment of climate finance to the priorities in both Bangladesh and India was acknowledged. However, there was a concern particularly in Bangladesh over increasing vulnerabilities and the need for finance, particularly for adaptation projects. Given the limited and common pot of international climate finance for both mitigation and adaptation, there is a far-reaching need to accelerate adaptation efforts to increase resilience, reduce vulnerabilities, and secure livelihoods.

[11] It could also be due to the fact that more CSO personnel were interviewed in Bangladesh.

The requirement of GCF-financed projects to pass through the issuance of a no-objection letter (NOL) from NDA, mainly the central ministry responsible for handling climate change policy in the country also seems to strengthen country ownership. The NDA in India appeared to be stronger and encouraged national institutions to access GCF funds while also approving innovative projects proposed by international entities. In Bangladesh, on the contrary, concerns were raised over the capacity of the NDA to vet the projects and issue NOL. Both the recipients have expressed the desire that GCF increasingly works with DAEs namely as they understand the local context better, are suitably placed to coordinate with different departments, and are cost effective than international entities. The urgent and increasing need to attract climate finance from recipient countries and a limited number of national accredited entities has pushed the NDAs to collaborate with international entities if there is an alignment of finance to country plans and priorities.

The stringent requirements create another obstacle to achieving ownership due to the need to hire external consultants. Based on the submission of high-quality proposals, the GCF provides readiness grants and technical assistance to strengthen both NDA and DAEs. This is certainly useful for a smaller country like Bangladesh, the grant is limited and conditional on the submission of high-quality proposals in the first place. A blanket set of requirements for all recipient countries causes undue stress for Bangladesh with limited institutional capacity. Nevertheless, Bangladesh has come a long way in working closely with GCF and strengthening its existing DAEs, but the road ahead is long combined with the need to access quicker and additional finance. Furthermore, GCF has a strong focus on ensuring social and environmental safeguards but the mechanisms to ensure stakeholder consultations are conducted remain weak at best. It is expected to be reported in the funding proposals, but the requirements are not stringent as seen in other aspects such as environment, gender etc.

6.2 Theoretical Reflections

In the agency theory, the principal hires the agent as the agent to be more competent and cost-effective to perform the task than the principal (Gailmard, 2014). In the thesis, we saw that the agent was nominated by the NDA that demonstrates an early agent screening already by the recipient country. Then, the principal invested time and effort through a long accreditation process to ensure the agent is capable to perform the assigned task. Accreditation is essential for both the national and international entities. It might take less time for international entities due to their global experience in project implementation but they also go through the process to access GCF funds (A. Chaudhury, 2020a).

6.2.1 Implications of Information Asymmetry in Agency Theory

The results build on the existing evidence presented in the agency theory while also providing some basis of disagreement. Basak (2017) mentions that the principal is not able to perfectly monitor the actions of the agent but that does not necessarily result in the opportunistic behavior of the agent in our lender-recipient relationship as expected (Basak & Werf, 2019). The information asymmetries between the actors are curtailed through clear task specifications, built-in contractual mechanisms, and stringent accountability mechanisms of GCF. This ensures that the agent works in the best interest of the organization, country, and in turn the principal to achieve climate action and attract greater funding. The agency theory narrows down the sources of human motivation to maximizing self-interest through wealth and power and ignores the attributes of loyalty, trust and collective responsibility in the agent as seen in the stewardship theory (Donaldson, 1990). The agent has been seen working in the best interest of the country through regular interaction with GCF through its NDA, the focal point of GCF in the recipient country. Furthermore, the long-term nature of the relationship between the principal and agent ensures the characteristics of trust and reputation of the agent determine motivation levels of the agent.

Since the agent (the accredited entity) is nominated by the NDA of the recipient country, being accountable is embedded into its mandate. Additionally, GCF engages in a long process of accreditation to ensure robust institutional mechanisms both for fund absorption and fund monitoring. The long-term relationship with the lender ensures that the recipient is inclined to maximize climate action and establish greater trust with the principal to attract more financing in the future. This has been a similar story both in India and Bangladesh where the accredited agents being nominated by the NDAs have no room for opportunistic behavior and strive to enhance loyalty and repute with multilateral funds. This resonates more with the stewardship theory that includes the traits of mutual trust, cooperation and mission alignment (Davis et al., 1997; Van Slyke, 2007). The relationship between the actors of international climate finance assumes a more cooperative and not contentious relationship as assumed in agency theory (Cuevas-Rodriguez et al., 2012).

6.2.2 Alignment or Conflict between the preferences of the Principal and the Agent

The results do not fit well with the agency theory that builds on conflict between the preferences of the principal and the agent. This thesis typically looked at the relationship of GCF and its accredited entities in the recipient countries. The scope of opportunistic behavior is stunted as the accredited entities are nominated by the recipient countries and the relationship is heavily based on trust and high repute. It has been argued by Broadbent et al., (1996) that building long term relationship and trust can enable the agent to align their interests with that of the principal. The government officials sit on the management board of the accredited entities, and this limits the scope of any opportunistic behavior. Furthermore, the strict contractual reporting and accountability mechanisms by the principal makes any oversight by the agent expensive and harmful for its reputation in the long run. Perhaps, we would be seeing different results when examining the relationship between the accredited entities and its employees but that’s outside the scope of the thesis.

6.2.3 Reflections on Attributes of the Principal and Agent

In Chapter 3, the literature mentioned that the principal is risk neutral and hires a risk cum work averse agent (Kunz & Pfaff, 2002). In the thesis, we noticed that the principal is risk-neutral, but it is attributed to extensive risk-management through an extensive accreditation process combined with detailed reporting requirements. Also, we observed that the agent may be risk-averse but not work averse as the project outcome is in the larger interest of the recipient in this case. Also, the agent is working to enhance its trust and reputation with the lender due to the nature of continuous engagement with the principal cum lender in case of climate finance. So, while the principal is not able to monitor the agent closely, perhaps it does not have to because it has already ensured agent accountability through long accreditation and stringent reporting mechanisms to curtail any opportunistic behavior of the agent.

6.2.4 Reflections on Accountability

It is indeed difficult to imagine a set of circumstances in international climate change financing where the lender can directly and perfectly observe the recipient's level of effort. This is indeed the crux of the principal-agent problem. The agent's accountability in fund usage is monitored through extensive and intense reporting requirement and contractual obligations by the principal, the GCF. In Bangladesh, concerns were raised by the CSOs that there is a wide discrepancy between reality and reported documents. It could be attributed to lack of funds and capabilities to undergo environmental and gender screening of projects. Some anecdotal evidence also pointed to illegal use of power and accountability breaches which are hidden or manipulated from the principal and the documents are fabricated to paint a fake picture. Thus, the need to perform an audit by an independent third party was stressed by several respondents in Bangladesh which is also in line with the predictions of the agency theory.

The thesis expects that the agent is inclined to be more accountable to the principal if more ownership and agency is given to the agent and there is active stakeholder engagement at the early stages of project design. There is a need to build greater national capacities and together with ownership, the need to monitor the agent will be significantly reduced. As predicted by the stewardship theory, the agent is intrinsically motivated to achieve climate action and would ensure high level of accountability to the principal.

6.3 Reflections on Hypotheses

Based on the argument above, the agency theory and its predictions about the agent's opportunistic and self-interest maximizing nature does not fit well in our thesis as there are other factors aligned with stewardship theory that influence the behavior of the agent such as trust, loyalty, collective responsibility etc. Furthermore, the long and strenuous screening process of the (nominated by the recipient country) agent together with strict GCF requirements makes the cost of any accountability breaches very high in terms of fund withdrawal, threat of discreditation etc. Thus, ***H1-Higher the agency delegated by the principal to the agent, lower accountability on part of the agent on the use***

of funding is **rejected** as the agent screening and strict compliance measures preclude any chances of the agent being less accountable.

The GCF works with a country-driven approach and ensures that climate finance is used in alignment to the priorities of the country. In most cases, the recipient countries submit the funding proposals to the GCF, ensuring investment requirement around environmental, social and gender safeguards, impact potential, sustainability potential etc. The engagement of DAEs, stakeholder consultations also enhance coordination with local plans and policies. So, ***H2- Higher the agency delegated by the principal to the agent, greater decision-making power vested in the hands of the agent in how funding is used*** is **accepted on the condition** that project ownership is granted to the recipient countries in designing project funding proposal and national institutions are increasingly involved in line with the country driven mandate of GCF. Even where international entities are involved, there is enough consultation with the national entities happening.

The agency theory typically looks at the principal-agent relationship based on distrust and conflict. This is when the principal wants to extract maximum gains at the least cost and the agent has little incentive to put in more effort while looking for higher payments. In case of climate finance channeled to a developing country, the recipient country (the accredited entity in particular) being the agent is inclined to work harder as the project success is in the larger interest of the agent (country). The next hypothesis around conflict and effort states that ***H3- Greater the level of conflict between the preferences of the principal and the agent, lower effort is invested into the project by the agent.*** This is **rejected** because as discussed above, there is alignment in the preferences of GCF and the recipient as they both want to enhance climate action through their efforts. Since, the nature of the agent is also based on trust and loyalty as seen in the stewardship theory, the agent puts in maximum effort to achieve project results.

As discussed earlier, the agency theory works through a control-oriented outlook versus an involvement-oriented outlook employed in the stewardship theory. The steward is inclined to work in the collective interest and thus encouraged to put in more effort by the principal. The intrinsic motivation to maximize reputation and trust leads the agent to be more accountable. The accredited entities responsible for fund management are screened agents with government officials on their management board. Since most of the accredited entities are large government affiliated entities, there is invariably greater accountability in fund usage. So, we accept hypothesis ***H4 - Higher the degree of trust between the principal and the agent, greater accountability in use of finance by the agent.***

6.4 Policy Implications

Based on the results and discussion, we will now discuss some policy implications that can influence GCF. Climate change is a complex phenomenon and needs to be tackled collectively through participation by several entities at the local, national and international level (A. S. Chaudhury et al., 2017). Country ownership is often referred to as to active engagement of stakeholders from ministries to state, regional and local government. It includes active consultation with private sector, CSOs etc. (*UNFCCC Biennial Assessment*, 2020). The need to accredit more and more national entities has been echoed in the interviews both in India and Bangladesh.

While we see an increase in the number of DAEs demonstrating the commitment of GCF to adopt a country-driven approach, they do not have many projects approved yet. This is due to a small number of DAEs, limited capacity and stringent investment criteria of GCF to conceive and develop projects with measurable impact outcomes (*Project Preparation*, 2022). While GCF supports the DAEs through Project Preparation Facility (PPF) to develop funding proposals, it's not enough and there is a need to further build capacities and get more projects approved by national entities.

The study indicates that the accreditation process of GCF is long and strenuous especially for DAEs. The results mentioned that it is beset with two problems namely long and hectic process resulting in fewer accreditation and singling out sub-national, regional, and private sector actors. The need was felt stronger in Bangladesh which has fewer accredited entities than India and greater climate vulnerabilities.

The results vociferously expressed a huge delay between project approval and receiving finance from the lender in both India and Bangladesh. This delay caused due to myriad of fiduciary requirements and lack of co-ordination is detrimental especially in a vulnerable country like Bangladesh where adaptation needs are fast changing. A gap of around 18 months between project design approval and actual implementation changes the project dynamics and ground realities and needs a fresh project assessment.

The impression from the interviews has been that while GCF stresses on country driven approach, the accountability mechanisms are difficult to comply especially in a smaller country like Bangladesh with limited capacities. While lack of capacity has been expressed in Indian context, it was more vocal in Bangladesh.

6.5 Policy Recommendations

National Capacity building through collaboration with international entities - The national capacities can receive a significant boost collaborating with international entities especially in the project design stage. The international entities (IEs) with extensive global experience, financial muscle and technical manpower are able to carve out funding proposals quickly and in line with stringent investment requirements of GCF (A. Chaudhury, 2020b). The national entities with on ground presence and knowledge of local priorities and context must collaborate actively with international entities with their multi-country experience. This pragmatic approach of working together will result in developing funding proposals quickly with a strengthened climate rationale for the recipient country of finance.

The process will result in developing capacities of the national entities who can then disseminate knowledge to other stakeholders. With robust institutional mechanisms to develop project design, national entities can ensure a high degree of ownership while carrying out implementation independent of international entities. It is crucial that the implementation is exclusively carried out by national implementing entities as most of the projects need strong buy-in from the relevant government department. International consultation for project design and implementation exclusively by DAEs will ensure project continuity after approval, faster coordination with national and sub-national departments and thus result in achieving stated project outcomes.

Accelerate Accreditation Process - GCF should engage in faster accreditation process as vulnerabilities are increasing every day. Additionally, it must also look to accredit non-state actors, private sector organizations that play an instrumental role in project implementation. Engagement of these actors play a meaningful role in developing national climate change policies and strategies.

Reduce Delays - GCF should release funds soon after approving the projects to ensure optimum results. The delays are aggravating the vulnerabilities and changing the project modalities. Delays can be reduced by dedicating more GCF personnel to enable faster coordination with the involved government and international entities.

Tailor the investment requirements to the existing capacity of the recipient - The accredited entities in India are capable and experienced in project implementation but working with GCF is an entirely new game and national entities have extremely limited experience in writing a funding proposal with GCF's stringent requirements and accountability mechanisms. In line with the country culture and context, it's important that GCF strives for more manageable and simpler accountability standards and not have a blanket requirement from all recipient countries of climate finance

It is in the best interest of recipient countries if GCF can work on these policy suggestions to fast-track accreditation process, reduce delays, and undertake intensive capacity building initiatives. This will also ensure country ownership is enhanced by working directly with national institutions as implementers while taking care of their capacity needs. GCF has been built on the learnings of other climate funds, and it has a tight mandate of country-driven finance but much needs to be done and soon to achieve optimum results.

6.6 Limitation of the Study

The thesis aimed at adopting a systematic and scientific approach to answer the research question in the first place. However, it is not a full proof study and there are some limitations. The limited experience of the researcher in conducting interviews and anecdotal evidence resulted in respondents pondering over some themes more than others. There were more CSOs interviewed in Bangladesh than India and that is reflected in the results above. Interviewing GCF personnel and documenting their experience while working with the recipients would have enriched the findings further. Since the GCF has been conceptualized by the UNFCCC, it enjoys different motivations than those experienced by bilateral donor funds and the analysis may not apply to other climate change financing mechanisms. Furthermore, GCF is a new fund and in its early stages of operation, the research can only assess the

the expectations that different actors have about the functioning of GCF around ownership issues and are susceptible to change over time.

6.7 Areas of Future Research

The thesis looked at agency and stewardship theory and selected concepts that were applicable to study the lender-recipient relationship. The area of future research could be around generation of theories or theoretical concepts that are applicable to a broader context of international climate finance and not just GCF. Additionally, this thesis worked with one principal and one agent. The lender- recipient relationship is much more complex involving multiple principals and multiple agents. In reality, donor countries fund multilateral institutions, who fund implementing partners, who then subcontract implementation. There are several other actors involved such as project evaluators, trustees, auditors etc. An area of future research would be to model such complex relationships amongst diverse actors using multiple principal-agent and stewardship models.

Chapter Seven - Conclusion

The aim of the thesis to understanding the interpretation of country ownership using a qualitative approach and conducting interviews with the recipients of climate finance was useful in diving deep into the phenomenon of country ownership. Based on the theoretical reflections that provided a basis to analyze the relationship between lender (principal) and recipient (agent/steward) and qualitative analysis on the data collected through interviews, the thesis aimed to answer the research question - **How is the principle of country ownership interpreted in the recipient countries of climate finance: Case of India and Bangladesh.** The principle of country ownership as the name suggests was looked at differently by the two chosen countries and they also identified similarities in their interpretation of ownership of climate finance.

India and Bangladesh experience greater ownership, if climate finance is aligned to the national climate plans and policies and channeled increasingly through national entities (direct access entities). There is a greater role of local, regional, and national accredited entities in project design and implementation to ensure project ownership. Stakeholder consultations ensure the diverse and local voices have been heard and integrated into decision-making process that strengthens ownership. The blanket and stringent GCF requirements are tailored to existing capacity of the countries while simultaneously investing in national capacity-building will help the national entities to participate more without help of external consultants. While consulting different stakeholders is considered useful at the project formulation stage, the recipient countries are keen to align finance to the national climate plans and increasingly work with national partners to ensure greater ownership.

In India, there is an acknowledgement that domestic capacity building is an ongoing process, and the countries lose out if they rely exclusively on national entities to attract finance for urgent climate action. In practice, India is keen to work with international entities that bring innovative adaptation and mitigation projects that are aligned to the climate plans and policies of the country. Additionally, being a big country, India welcomes climate finance from all sources and collaborates with international entities as they are more experienced in attracting international finance and increasingly work with national partners. Bangladesh, due to its rising vulnerabilities also works with international entities but stresses on the need to accredit more national, local, and private entities that understand the local needs better. The issue of discrepancies between reported documents and reality and lack of trust in Bangladesh results in the need to appoint external auditors by the lender to monitor finance at the level to strengthen country ownership of projects.

The results indicated that finance channeled through GCF is aligned with the climate plans and policies of India and Bangladesh. The practice of receiving a NOL from the NDA strengthens ownership in both countries. There is still a concern as mitigation projects attract greater finance than adaptation projects which is a priority, especially in a vulnerable country like Bangladesh. The views from India support working with international entities if national capacities are being built and projects are aligned to national plans. Bangladesh demands more national capacity-building and need to accredit local, national, and private entities and faster so that they can play an instrumental role in the space of climate finance. The respondents voiced that for national entities to play a larger role, long and arduous accreditation process of GCF needs to get fast-tracked and GCF investment criterion simplified. Bangladesh expressed the need to appoint independent auditors to monitor fund usage and curtail any opportunistic behavior.

The stringent reporting and investment requirements around environmental and social safeguards, gender, etc. were acknowledged to be a step in the right direction by the countries. However, access to finance is curtailed and delayed due to stringent requirements and limited capacities of national institutions. This results in hiring international consultants and higher administrative costs and a lesser say in the whole process. The need to tailor the requirements to the country context was heard louder in Bangladesh due to lack of national capacities and India appeared to be more assertive and confident of its national institutions.

The thesis looked at the application of agency and stewardship theory to studying ownership of climate finance in the recipient countries. The theoretical reflections challenged agency theory and the presence of conflict in the preferences of the principal and the agent. The findings revealed that both the lender and the recipient aimed to achieve climate action and the relationship was based on attributes of stewardship theory such as goal alignment and trustworthiness. The reflections enabled us to conclude that a combination of agency and stewardship theory is most applicable in the case of climate finance channeled through GCF to recipient countries. The basis of their relationship has selective traits of both the theories including contractual expectation, information sharing, trustworthiness, goal alignment, and collective responsibility. The self-maximizing nature of the agent in the agency theory is a bit lopsided in the case of climate finance and the relationship is increasingly based on trust to maximize climate action. This is what was expected in the case of climate finance as the outcome is in the larger interest of the agent/steward/recipient country and that motivates them to work accordingly.

Based on the conclusions, the practitioners in climate finance should look at building greater national capacities through collaboration with international entities, accelerate the accreditation process and reduce delays in project approval and fund disbursement. The stringent criterion of GCF must be tailored to the needs and capacities of the recipient countries. The area of future research could be around generating theoretical concepts that are applicable to a broader context of international climate finance and not just GCF. The conclusion of the research can be further enriched by studying more complex relationships involving multiple principals and multiple agents.

To conclude, both the countries experience greater ownership of projects financed by GCF. They both want the finance to be aligned to the nation's plans and priorities. While they in principle want to work only with national entities, they are keen to work with international entities as long as domestic capacities are being built as they need finance from several sources. The issue of trust in the dealings of national and international entities in Bangladesh created a need to monitor fund usage through appointment of an external and independent auditors.

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Appendices

Annex 1 List of Interviewees

Country	**Designation**	**Sector**	**Interviewee Number**
India	Director, Ecological Footprint	International Non-Governmental Organisation	1
	Consultant	Private Fund Manager of Fund also financed by GCF	7
	Manager, Climate Finance	Global Research Organization that works with stakeholders to develop practical solutions	3
	Programme Manager	National Accredited Entity of GCF in India	12
	Economic Advisor	Nodal Ministry in India handling GCF projects	2
	Senior Consultant	Policy Think Tank	11
	Portfolio Manager, Business Development	Development Bank of Netherlands	13
Bangladesh	Assistant Vice President, GCF	GCF's National Accredited Entity of Bangladesh	4
	Senior Research Fellow	International Civil Society Organisation	9
	Senior Manager, Climate Finance Governance	Research Institute	10
	Academician	United States University	8

	Climate Change Specialist	International Development Organisation	5
	Activist	Civic Movement to protect Bangladesh's environment	6

The list of the organizations and names of the respondents are kept anonymous and can be produced on request.

Annex 2 Interview Questions

The interviews started with introductions, understanding the role of the interviewee in the space of climate finance, and their interaction with GCF. The researcher introduced the idea behind the existing area of research and then took consent to record the interview and use the analysis in the research. The semi-structured nature of the interviews resulted in free-flowing discussion around central themes and the interviews were adapted based on the responses. The questions were tailored to the nature of the interviewees with direct and indirect knowledge and interaction with climate finance in general and Green Climate Fund in particular. A basic framework of the questions asked is listed below

Views around Country Ownership

1. How do you comprehend the concept of country ownership and how do you experience the ownership of projects?
2. Through your interaction in the field, how is ownership of projects interpreted?
3. According to GCF country ownership is ensured through working with direct access entities. Do you think that's enough? What else is needed to ensure country ownership in Bangladesh and India?
4. In your opinion, do you reckon if getting approval from NDA through No objection Letter (NOL) issuance is a big step towards achieving the principle of country ownership of projects financed by GCF?

Alignment of Climate Finance to Nation's Needs - Goal Alignment Vs Goal Conflict

1. In your experience, do you see a goal alignment or a conflict between the needs of the multilateral climate fund and the recipient?
2. How different is the finance received for development projects and that received for undertaking climate action in terms of achieving the stated goals?
3. How closely do the climate projects reflect the national climate-related initiatives and strategies?
4. How would you describe the approach adopted by GCF in terms of aligning climate finance to the priorities of India?
5. How does the approved climate project by GCF reflect the country's development needs and climate priorities?

Basis of Relationship between GCF and recipients (AEs and other entities in this case)

1. What are your views on the relationship between the provider and recipient of climate finance?
2. What are your views on the relationship between the Green Climate Fund (GCF-provider of climate finance) and Accredited Entity (recipient of climate finance)?
3. Do you see a role of trust and reputation of recipient entities in ensuring effective use of finance?

Autonomy exercised by the recipient

1. What kind of autonomy is enjoyed by the recipient in terms of fund usage? Is there discretion enjoyed by the AE in administering funds or does it need to do as communicated in the contract and tightly controlled by the GCF?
2. What has been the role of the accredited entity in conceptualizing the funding proposal and engaging with the fund? What kind of agency do the recipients enjoy in project conceptualization?
3. In your experience, once the project has been approved, what is the discretion enjoyed by the recipient country in spending?
4. What measures are taken by the contributor of finance to strengthen capacity measures, build capacity and strengthen the national planning and financial management efforts?

Accountability and Audit

1. What is your view on the accountability on the part of the receiver of climate finance? How is an Accredited entity (AE) accountable to GCF?
2. If AE is not the implementing entity, how is implementing entity held accountable?
3. Is there a penalty attached for underperformance or appreciation for meeting good performance results?
4. Under what conditions would the recipient be more accountable?
5. What kind of pressure is imposed by GCF to ensure finance is being used effectively and there are no accountability breaches?
6. In your experience, have you experienced relationships being severed and penalties imposed?
7. How does GCF ensure that the projects are being implemented properly and there is accountability on your part? Other than reporting, are there any other accountability measures?
8. Is it desirable to have an independent audit party?
9. Other than AE self-monitoring the projects, does GCF also hire an independent auditor for monitoring and evaluation of the projects?
10. Does the accredited entity think, it’s important to hire an independent auditor or internal audits are sufficient?
11. In terms of accountability on the part of the accredited entities, given they work closely with NDA, there is a small need to perform external audits? What do you reckon?
12. How does NDA ensure that the accredited entities are accountable to the GCF and there are no breaches of any kind?
13. Is there constant pressure on AE to manage high accountability standards with respect to project reporting? Is there a threat of discreditation?

Direct Access Vs Indirect/International Access Entities

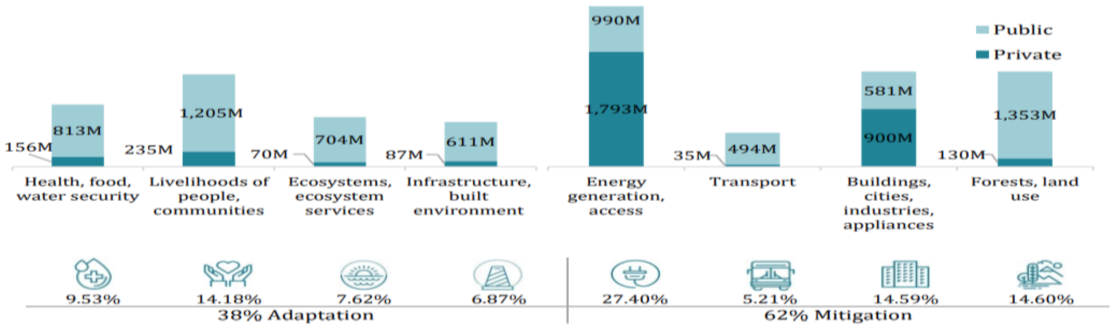
1. Does working with an international entity ensure ownership? Why not?
2. Are direct access entities being more accountable and transparent in their reporting to the GCF
3. Do you concur it’s harder for direct access to meet these standards due to lack of capacity, and MDBs and IOs are better at that?
4. What do you think of the role of international access entities (UNDP, World Bank, etc.) vs direct access entities in implementing the projects in your country? Who in your opinion is better at handling national projects? Are there some projects that international entities like UNDP can handle better given their vast experience?
5. Do you think DAE is useful for the project implementation or it does not matter if an international organization is managing?

6. Do you reckon, there is a difference in coordination mechanisms of national and international accredited entities with the Ministry in charge?
7. Since NDA designates national entities as AEs, how do you think they are different in implementing projects through international entities like UNDP, FMO etc.
8. Being the NDA and thus issuer of No objection letter (NOL), what has been your experience in issuing NOL to International vs Direct Access Entities.

Stakeholder Consultation

9. Given the scale of climate change, it is imperative to engage in stakeholder consultation. Are they happening in your experience?
10. Since the climate projects, both mitigation, and adaptation have a bearing on the local communities, what is the role of non-state actors such as civil society organisations, non-governmental organisations (NGOs), and academicians in the consultation stage in your opinion?
11. At what stage of the program (conception, consultation or implementation) were they involved?

Annex 3 GCF Funding by Result Area and Sector (USD)



M= Million, Source: Status of GCF Portfolio, 2022