Received: 30 April 2021 | Revised: 4 April 2022 | Accepted: 28 June 2022
DOI: 10.1002/wcc.795

WIREs CLIMATE CHANGE WILEY

Rethinking governance in international climate finance: Structural change and alternative approaches

Katherine Elizabeth Browne[1,2]

[1]Stockholm Environment Institute, Stockholm, Sweden
[2]School for Environment and Sustainability, University of Michigan, Ann Arbor, MI, USA

Correspondence
Katherine Elizabeth Browne, Stockholm Environment Institute, 87D Linnegatan, Stockholm, Sweden.
Email: katherine.browne@sei.org

Edited by: Lars Otto Naess, Domain Editor and Mike Hulme, Editor-in-Chief

Abstract
International public finance plays an increasingly prominent role in global efforts to combat climate change and, as it grows, it faces a familiar challenge: governance. Global organizations not only disburse climate funding, but are also expected to ensure the "good governance" of climate programs in recipient countries. Many of these same organizations faced similar challenges in disbursing development finance. In what became known as the "institutionalist turn," they sought to reform governance and build effective institutions in recipient countries. At first glance, the approach to governance in climate finance appears to be a continuation of these largely ineffective policies. I argue, however, that important structural differences between climate finance and development finance have been overlooked, and that these differences create space for alternatives approaches to governance. I first examine the literature on what led to the ineffectiveness of governance reforms tied to development finance, concluding that global organizations have been consistently unable to recognize and grapple with how power actually works in recipient countries, especially informal power. I then highlight three new principles underlying climate finance: (1) that it is restitution not aid, (2) that recipient countries should control resource allocation, and (3) that funding should support mitigation and adaptation. I demonstrate how each new principle has produced shifts in decision-making authority away from contributors and toward recipient countries. I discuss how alternative approaches could emerge both from forums where recipient countries exercise newfound authority, and from experimentation on the part of multilateral organizations.

This article is categorized under:
Climate and Development > Social Justice and the Politics of Development
Policy and Governance > Multilevel and Transnational Climate Change Governance

KEYWORDS
climate finance, development, governance, institutions, multilateral organizations

This is an open access article under the terms of the Creative Commons Attribution License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited.
© 2022 The Author. *WIREs Climate Change* published by Wiley Periodicals LLC.

1 | INTRODUCTION

International public finance plays an increasingly prominent role in global efforts to address climate change. Wealthy countries' US$100 billion annual pledge to support climate action in lower-income countries proved key to securing broad commitment to the 2015 Paris Agreement (UNFCCC, 2015). The growing flow of climate finance is crucial to continuing to build trust in the Agreement, and many vulnerable countries have come to rely on this funding to support a range of climate programs (Ciplet et al., 2015). Though it is increasingly clear wealthy countries have not fully met their commitments, climate finance is nevertheless growing rapidly in scope and impact (Carty, Kowalzig, & Zagema, 2020; Weikmans & Roberts, 2018).

As international climate finance grows, it faces the familiar challenge of governance. In recent years, multilateral organizations tasked with oversight have faced growing pressure not only to prevent corruption and financial mismanagement of international resources, but also to ensure that funds are distributed equitably and used effectively (Khan et al., 2019). At first glance, the approach to these challenges appears to be a continuation of policies developed during decades of international public finance, in particular interventions that promoted "good governance" and "institution building." These reforms—which focused on reconfiguring public institutions into rule-bound systems—are now seen as largely ineffective in generating change (Booth, 2012a, 2012b; Evans, 2004; Repucci, 2012).

The assumption that the approach to governance in climate finance is unchanged, however, overlooks important structural differences between climate finance and development finance. Climate finance is shaped by a new political dynamic, one in which contributor countries need the cooperation of recipient countries to address the climate crisis (Ciplet et al., 2015). Arguing that climate finance is restitution, not aid, recipient countries have forced a meaningful shift in decision-making authority away from traditional donor–recipient frameworks. This shift has disrupted the established channels through which international public finance flows into national governments. It has opened new forums, dominated by recipient, not contributor countries, and reconfigured authority between global, national, and subnational actors. In this review, I argue that as climate finance evolves beyond development finance, these structural changes create spaces for the emergence of alternative approaches to governance.

In order to understand the significance of these spaces, the first section of this article reviews literature that evaluates what led to the ineffectiveness of governance reforms tied to development finance. Critiques of these reforms vary, but a consistent thread emerges: development organizations have been unable to recognize and grapple with how power actually works in recipient countries, particularly the role of informal power and institutions. Dominated by the perspective of contributor countries, they relied on a narrow understanding of governance grounded in a Western, liberal–rational worldview. This worldview led them to base their interventions on assumptions about the relationships between the individual, society, and the state that applied to few, if any, of the countries targeted for reforms. Interventions focused on formal rather than informal power, rewriting rules and altering incentives that did little to change the behavior of citizens and state agents. As a broad consensus has emerged on the ineffectiveness of this approach, development scholars and practitioners have suggested numerous alternatives but they have yet to gain traction. I review these alternatives in the second section.

In the third section, I demonstrate how international climate finance is different. Drawing on literature that considers the rapidly evolving architecture and politics of climate finance, I illustrate how structural change—though more incremental than radical—creates space for alternative approaches, both through forums where contributor country perspectives no longer dominate, and through opportunities for active experimentation on the part of multilateral organizations. I first highlight how recipient countries have successfully negotiated shifts in three principles underlying climate finance: (1) that it is restitution not aid, (2) that recipient countries should control resource allocation, and (3) that funding should support adaptation and mitigation. I show how each principle is operationalized differently from development finance, how its operationalization has reconfigured authority, and how it generates space for alternative approaches, some of which can be drawn from development literature. Under each principle, I consider the significant limitations of these new spaces, including the most important: contributor country willingness to cede the space for experimentation and to tolerate imperfect governance.

2 | THE INSTITUTIONAL TURN IN DEVELOPMENT

Development finance has not always focused on governance. The Bretton Woods organizations—including the World Bank and International Monetary Fund (IMF)—were founded on explicitly apolitical mandates that prevented them

from making lending decisions on criteria other than economic, and from interfering in members states' affairs (Thirkell-White, 2003; Thomas, 2007). Events of the 1980s, however, forced them to reconsider. High-profile cases of corruption embarrassed contributor countries, while the collapse of Soviet power made development organizations—both multilateral organizations and bilateral development agencies—less inclined to turn a blind eye to abusive regimes (Doornbos, 2004; Weiss, 2000). At the same time, the widespread failure of neoliberal Structural Adjustment Policies forced the World Bank to acknowledge that they were not just poorly implemented but also poorly conceived (Leftwich, 1993). It concluded that the failure could be largely attributed to "institutional weakness" in recipient countries (Mkandawire, 2007). As the World Bank began to consider how institutional and political factors shaped development, it moved away from its political mandate. This culminated in its 1997 "World Development Report," which concluded that improving governance and "reinvigorating" public institutions would be key to successful development (Kulshreshtha, 2008; Landell-Mills & Serageldin, 1991, p. 13; Thomas, 2007).

Following the World Bank's, and later the IMF's, lead, development thinking thus moved from a neoliberal focus on "getting prices right" to "getting institutions right" (Mkandawire, 2009; Rodrik et al., 2004). The resulting governance agenda encompassed a wide range of reforms, some implemented through active interventions, others through conditionalities. A key focus was on reconfiguring public institutions, agencies, and processes—the civil service, public service delivery, and the judiciary—into rule-bound systems that could more effectively deliver public goods. Development organizations emphasized public financial management: internal accounting and auditing systems, budgeting mechanisms, and anti-corruption measures. In addition to reforming public institutions, they sought to bolster forms of democratic governance: promoting transparency, the inclusion of civil society in public decision-making, and respect for human rights (Leftwich, 1993). By the end of the millennium, the World Bank was investing a significant portion of its resources into promoting good governance and institution building. Between 1995 and 1997, for example, it committed a quarter of all funding (US$5–7 billion annually) to institutional reform (Kulshreshtha, 2008).

Scholarship focusing on the "Institutional Turn" mostly agrees that despite the vast resources poured into these reforms, they have been largely ineffective in altering institutions in recipient countries (Booth, 2012a; Evans, 2004; Repucci, 2012; Unsworth, 2010). The reforms also failed to trigger the expected economic growth (Booth, 2012a). Observers criticized the concept of "good governance," arguing that the concept is so broad as to encompass nearly everything, making it difficult to operationalize (Andrews, 2008; Bøås, 1998; Gisselquist, 2014; Harrison, 2005; Kapur & Webb, 2000). Development organizations, some asserted, paid little attention to prioritizing and sequencing reforms (Grindle, 2004; Repucci, 2012). Likewise, they did not realistically engage with the actual capacity of recipient governments, with little recognition of how development finance conflicted with other political interests (e.g., promoting arms control while continuing arms sales; Grindle, 2011; Moore & Robinson, 1994; Nunnekamp., 1995). Others argued, however, that the ineffectiveness of the governance agenda has deeper roots. Technical issues, in their view, are secondary to development organizations' fundamental misconception of how power, particularly informal power, operates in countries receiving funding.

2.1 | The liberal–rational worldview and theory of change

This misconception is rooted in the nature of traditional development organizations. Despite nurturing the appearance of ideological neutrality, these organizations are political actors, guided by their own brands of political thought (Harrison, 2005). The World Bank and IMF, which award decision-making authority based on financial contributions and economic clout respectively, strongly favor contributor countries (Andersen et al., 2006; Leech & Leech, 2009). Historically, they have responded primarily to Western political audiences: not just contributor country governments, but also Western academic communities and NGOs (Thirkell-White, 2003). Bilateral development agencies respond even more narrowly to domestic political priorities and interests.

As a result of this skew toward Western political thought, the governance agenda was grounded in a liberal–rational worldview that combined elements of neoliberal economic theory with Western concepts of democracy, pluralism, and civic participation (Bøås, 1998;Harrison, 2005; Williams & Young, 1994). Development organizations designed their interventions expecting to find political relationships as they conceived of them in contributor countries. Influenced by rational choice theory, they viewed the individual as a universal economic actor whose behavior is shaped by conscious preferences and who responds rationally to incentives (Harrison, 2005; Williams & Young, 1994). They saw society as an aggregation of these preferences, built on contractual relations (Harrison, 2005). The state, in this worldview, is a neutral framework through which different groups pursue their idea of what is "good" (Williams & Young, 1994). It can be institutionally structured to incentivize desirable (honest and equitable) behavior (Harrison, 2005).

Implicitly, the liberal–rational worldview relies on Weberian notions of the state and bureaucracy, which see state power as rooted in rational–legal authority (Pritchett & Woolcock, 2004). In the Weberian view, power is formal and rules-bound (Weber, 1946). The behavior and performance of state agents is shaped by the institutional structures in which they are embedded (McCourt & Minogue, 2013). The civil service is professionalized and meritocratic, providing goods to the public in a uniform and impersonal manner (Pritchett et al., 2013). Political power operates separately from economic power, as the state plays a narrow, complementary role to the market, providing stability and fostering competition (McCourt & Minogue, 2013; North, 1990; Williams & Young, 1994).

This worldview undergirded development organizations' theory of change in intervening in recipient countries governance and institutions (Harrison, 2005; Williams & Young, 1994). They expected that by properly designing institutions, they could restructure incentives. This would spur more desirable behavior among individuals, both state agents and civil society, altering the relationship between society and the state (Andrews, 2013; Carothers & de Gramont, 2013). In particular, the public would demand improved performance from governments in the supply of public goods, and state agents would respond by improving delivery (Pritchett & Woolcock, 2004). Incentives would also encourage a proper (limited) relationship between the state and the market (Williams & Young, 1994).

2.2 | Misconceiving informal institutions and power

Rooted in Western political thought and Weberian notions of the state, development organizations misconceived of how institutions and power—especially informal institutions and power—function in many recipient countries. Rather than being bounded by formal rules and institutional structures, informal power is embodied in implicit and unwritten understandings that reflect sociocultural norms and routines (Helmke & Levitsky, 2006; North, 1990). Informal institutions co-exist with formal in all countries, with the incentives of both shaping individual behavior (Brinkerhoff & Goldsmith, 2005). Politically, informal power is often personal, vested not in rules but in individuals, often at all levels of authority (Hyden, 2008). Community is built not purely on contractual relations but also informal, affective, often ethnic, ties, and reciprocal relationships (Williams & Young, 1994).

Informal power often prevails over formal power, structuring political relationships and altering the functioning of the state in ways unexpected to development organizations (Thomas, 2007). Informal patrimonial and clientelistic systems—in which leaders maintain power through the distribution of patronage, or the exchange of goods for political support—frequently intertwine with the constitutional state (Bayart, 1989; van de Walle, Van de Walle, 2003). Though such political systems manifest in different forms, they broadly tend to inhibit the state from functioning as a neutral framework (Williams & Young, 1994). A leader's distribution of patronage, for example, can undermine the rule of law (Thomas, 2007). Because maintaining access to political power in patrimonial and clientelistic systems necessitates excluding others and leaving them economically vulnerable, political, and economic power tend to meld, contributing to politics as a zero-sum game (Harrison, 2005).

The use of public office for personal gain—through politics for pay, promotion, or employment status—also tends to distort the public service (Repucci, 2012). State agents respond not only to the formal incentives of public demands but also, and sometimes primarily, the informal incentives of client groups and superiors who can reward them (Bratton & van de Walle, 1994). Instead of providing broad programs that benefit all according to objective criteria, the government provides goods narrowly to supporters (Pritchett & Woolcock, 2004).

Development organizations largely failed to recognize how these informal institutions shaped the behavior of actors in many states targeted for institutional reforms, as well as the fact that these institutions could be perceived as equally or more legitimate than formal ones (Steenberg, 2021). Many have argued that this misconception can be traced not only to Western political thought but also to the colonial underpinnings of development finance (Bhambra, 2011). Anthropologists, sociologists, and postcolonial and decolonial theorists, among others, have challenged the categories that emerge from development thought, including the concepts of “good governance” and “poor governance” (Bhambra, 2011; Escobar, 2011; Kapoor, 2008; Quijano, 2000).

Despite the recognition that informal institutions are influential in all countries, development organizations characterized them as largely a problem of “corruption” in impoverished countries, particularly in Africa (Haller & Shore, 2005). Many scholars identify the “anti-corruption” discourse as an assertion of hegemonic values and extension of the colonial legacy (Kapoor, 2008; Sampson, 2010; Steenberg, 2021). In particular, they criticize development

organizations' tendency to overlook numerous instances of "corruption" in global north countries and to focus on endogenous factors in recipient countries rather than larger, structural inequalities, particularly in the capitalist global system (Graeber, 2015; Schneider & Schneider, 2003; Werner, 2000).

2.3 | Inability to recognize and grapple with informal power

Development organizations' approach to governance was thus based on an underdeveloped theory of change (Unsworth, 2009). Collectively, they failed to comprehend both the prevailing power structures of recipient countries, and the political relationships that create and maintain them. By focusing institutional reform on rewriting formal rules, they overlooked the complex interplay of formal and informal institutions, failing to address how individuals, in both society and the state, are bound up in affective relations and informal power networks (Pritchett et al., 2013). These individuals respond to the incentives of informal institutions instead of, or in combination with, those of formal institutions (Brinkerhoff & Goldsmith, 2002). As a result, reconfiguring formal institutions and incentives alone did not prompt the expected changes in behavior (Harrison, 2005).

Additionally, interventions tended to focus on replicating institutional form rather than altering institutional function (Andrews, 2013; Pritchett & Woolcock, 2004). Despite a rhetorical recognition of the need to adapt reforms to "context" and "national circumstances," interventions focused on creating centralized, professionalized bureaucracies following a common Weberian mold (Kulshreshtha, 2008; Pritchett et al., 2013). Development organizations assumed that since such bureaucracies underpinned industrialized states, their "institutional blueprints" would facilitate similar development elsewhere (Evans, 2004). Rather than exhibiting "entrepreneurial bureaucratic behavior" that could adapt Weberian institutional forms to new contexts, state agents mimicked expected behaviors to maintain legitimacy (Buntaine et al., 2017; Samuel, 2014). The result has often been a dual system in which reforms produced a shell of "proper governance"—formal institutions existing to placate contributors and uphold the appearance of "development"—while informal institutions continue to act as the primary influence on behavior and state-society relations.

Above all, development organizations misunderstood the incentives of leaders and elites in recipient countries. Reforms were predicated on the expectation that leaders and elites would prioritize long-term development objectives (Booth, 2012a). The primary goal of most governments, however, is to maintain political power. In many cases, political survival depended on support from informal networks as much, if not more, than the formal power vested in leaders by the state (Thomas, 2007). Reforms that limit state control over economic assets and the government's discretion to award supporters threaten patron–client relations (Thomas, 2007). Leaders and elites are unlikely to undermine the status quo or disassemble the structures that keep them in power (Collins, 2012; Hyden, 2008).

3 | ALTERNATIVE APPROACHES TO INFORMAL POWER AND INSTITUTIONS

By the early 2000s, both scholars and practitioners of development finance broadly recognized the ineffectiveness of institutional reforms. Reform in many recipient countries would require nothing short of fundamental change in the relationship between state and society. This recognition led many to argue for the need to develop alternative approaches to engaging with informal institutions in recipient countries.

One option is to cede space to allow for endogenous institutional change, rather than to continue to attempt to drive such change exogenously. A number of prominent scholars have argued that governance and institutional reforms have not only been ineffective but have inhibited development in recipient countries (Rodrik, 2000). The institutional models imposed over the past decades were not the same as those that had characterized industrialized countries during their periods of rapid economic growth (Booth, 2011). Imposing these models has been akin to "kicking away the ladder," denying recipient countries the opportunity to experiment with their own development trajectories (Chang, 2003).

In this view, substantive institutional change must be grounded in local decision-making (Rodrik, 2000; Sen, 1999). Restoring space for recipient countries to experiment with endogenous institutions would enable these institutions to rebuild context specificity and legitimacy (Dunning & Pop-Eleches, 2004; Mkandawire, 2009). What matters is how institutions actually function: "who they help, who they hurt, and how much" (Brinkerhoff & Goldsmith, 2005). Informal systems are not always negative, and different institutional forms can deliver similar institutional performance levels (Pritchett et al., 2013). Evans (2004) argues in particular for strengthening "thick institutions" that can improve

citizens' abilities to make their own choices. A variety of forms of public discussion and interchange can contribute to making public institutions accountable to citizens (Sen, 2000). Such approaches would require development organizations to cede power to local leaders who can build contextually appropriate institutions (Acemoglu et al., 2001; Dunning & Pop-Eleches, 2004; Subramanian & Roy, 2001).

Others have argued for the need for experimentation on the part of development organizations. Andrews (2013) recommends a "problem driven, iterative adaptation" approach based on experiential learning, feedback, and "purposive muddling." Building on the strengths of existing institutional arrangements could enable the emergence of "hybrid solutions" that combine local institutions with standards of financial management commensurate with the norms of development organizations (Andrews, 2013; Booth, 2012b). Booth and Unsworth (2014) highlight cases in which on-the-ground staff facilitated problem solving through "politically smart" approaches. They emphasize the importance of the bureaucratic environment within development organizations themselves, and the need to allow room for innovation. In particular, they highlighted funding modalities that enabled on-the-ground staff to "work at arm's length" from contributors (Booth & Unsworth, 2014, p. 22). Such distance could give staff space to "adopt their own strategies and tactics" while allowing contributors "political cover and deniability." Incremental reforms, these scholars argued, could cumulatively drive slower, but longer-term, institutional change (Levy, 2014).

Such experimentation would require a tolerance for risk-taking and imperfect governance. Some have argued for engaging realistically with the incentives that shape the decision-making of leaders and elites. Booth (2011, 2012b) calls for identifying the most stable regimes—those able to centralize management of major economic rents and adopt a long-time horizon—through a form of "development patrimonialism." Similarly, Wright (2008) has argued for the need to recognize how the time horizons of autocratic governments shape their incentives in the use of development finance. There is tension between these strategies, which concede that not all governments will behave democratically, and the broader recognition that participatory political institutions are necessary to build better institutions in the long-run.

Others have argued for bypassing national governments altogether. Brinkerhoff and Johnson (2009), writing about fragile and postconflict states, suggest empowering local governments in delivering public services. They argue that local government can, among other things, mitigate zero-sum politics and allow for natural political experiments, with faster feedback loops. Some have argued that empowering the citizenry, through monitoring and participatory budgeting practices, can also improve public services (Abers, 1998; Fox, 2001). Ultimately, however, strategies that circumvent national institutions are likely to prove only a short-term substitute for a functioning central government (Grindle, 2004).

One concrete option for working within, rather than around, national institutions emerges from scholarship on organizational culture. Case studies have shown that certain institutions can effectively deliver public services, even when they are embedded within ineffective governments (Tendler, 1997). Drawing on a number of comparative cases, Grindle (1997) attributed this effectiveness to a shared sense of mission, dedication, and autonomy among the workers themselves. Rational choice theory, which saw individuals as motivated by private incentives, could not explain such "public spirited bureaucratic behavior." She and others have argued that promoting such positive organizational characteristics could be the "missing ingredient" of civil service reform (Grindle, 1997; Owusu, 2012).

Despite the broad recognition of the need for change, development organizations' approaches remain largely technocratic. Efforts' to adopt political economy approaches—such as the UK Department for International Development's "Drivers of Change"—have been limited and contested (Booth, 2012b; Booth & Faustino, 2014; Hout, 2012; Unsworth, 2009; Yanguas & Hulme, 2015). Hout (2012) argues that development organizations are trapped in a paradox in which they recognize the need for political–economic analyses and approaches but face "insurmountable difficulty in taking political assessments seriously" (p. 407). Constraints within these organizations—including prevailing "mental models" of development and career pathways that disincentivize country-specific expertise—prevent them from applying the insights of political economy approaches (Booth & Faustino, 2014; Unsworth, 2009; Wild et al., 2015). The result has been an "almost revolution," in which shifts in tone have not translated into concrete changes in policy-making (Carothers & de Gramont, 2013; Hout, 2012; Unsworth, 2015).

4 | CLIMATE FINANCE: STRUCTURAL CHANGE, ALTERNATIVE APPROACHES

To ensure that funding is used equitably and effectively, climate finance organizations must grapple with the nature of informal power in recipient countries. The ineffectiveness of governance reforms tied to development finance

demonstrates the need for alternative approaches. In this section, I argue that structural shifts in climate finance generate space for such approaches to emerge. Though climate finance largely grew out of development finance—and involves many of the same organizations—it is shaped by a different political dynamic. In order to prevent catastrophic climate change, contributor countries need the cooperation of recipient countries (Ciplet et al., 2015). Already, the sense that contributor countries are obfuscating and failing to meet their commitments threatens the implementation of the Paris Agreement (Weikmans & Roberts, 2018). Recipient countries have leveraged this need for cooperation not only to secure funding, but also greater say in how that funding is used (Moore, 2012; Persson, 2011; Schalatek, 2019).

Drawing on literature on the political dynamics and evolving architecture of climate finance, I advance this argument in three parts (summarized in Table 1). In each part, I first introduce the shift in underlying principles away from development finance. These principles are (1) that climate finance is restitution, not aid (Khan & Roberts, 2013; Moore, 2012; Müller, 2009; Pickering & Barry, 2012; Roberts, 2009; Scoville-Simonds et al., 2020), (2) that recipient countries should control resource allocation (Bird & Peskett, 2008; Lombo et al., 2016; Persson & Remling, 2014), and (3) that funding should support mitigation and adaptation (Schalatek, 2019). I describe how this shift is driving structural innovations in the architecture of climate finance, and meaningfully altering decision-making authority.

I then discuss how these innovations create space for the emergence of alternative approaches to informal power. I argue that alternative approaches could emerge from both forums where recipient countries exercise newfound authority—in which case, they could take novel and unexpected forms—and from active experimentation on the part of multilateral organizations—in which case, these organizations could draw on suggestions made by development scholars. I focus on multilateral organizations because to date these are the largest and most important actors in shaping climate finance, but other organizations—such as bilateral agencies or private entities, like the Gates Foundation—could also experiment.

It is important to note that the shifts in principle described here are ongoing and bitterly contested, part of both a broader struggle over accountability for climate change and a shift to a more multipolar world (Gomez-Echeverri, 2010). The principles remain incompletely operationalized, representing more incremental change than radical paradigm shift. These principles also do not encompass all the ways that climate finance differs from development finance, but rather only the key ways that drive structural change relevant to the approach to national governance.

4.1 | Traditional and innovative channels in climate finance

There are six main channels of international public financing for climate mitigation and adaptation: bilateral finance, multilateral development banks, multilateral climate funds, national and regional climate funds, sovereign risk pools,

TABLE 1 New principles, structures, and opportunities in international climate finance

New principle	Structural change in financial mechanisms	Alternative approaches to governance
Climate finance is restitution, not aid.	Equal or majority decision-making authority for recipient countries in multilateral, regional, and national governance boards.	Recipient country representatives exercise greater authority to shape governance protocols. Develop new governance policies and approaches based on non-Western political thought.
Recipient countries should control resource allocation.	Recipient countries have direct access to and direct management of financing.	Recipient country institutions have greater power to shape governance policies at the national level. Space created for the evolution of endogenous institutions, including "hybrid institutions." Multilateral organizations experiment with "purposive muddling" and arm's length funding arrangements. Improved feedback mechanisms to link knowledge of local context to global and regional policymaking.
Funding should support mitigation and adaptation.	Technical ministries, especially Ministries of Environment, are empowered by access to finance and multilateral organizations. Decision-making authority is exercised by new actors at national and sub-national levels.	Dialogue around resource allocation expanded to include new actors with new expertise, enabling experimentation, e.g., with organizational culture. Empowered subnational actors, such as local governments, well-positioned to experiment with faster feedback loops.

and market-based mechanisms (Watson & Schalatek, 2020; Figure 1). The first two channels (*denoted in blue*) rely on traditional donor-recipient frameworks established under development finance: contributor countries retain full authority over decision-making and financial management. The latter four (*denoted in orange*) are more innovative financial mechanisms, in the sense that in some respects they move away from these traditional donor–recipient arrangements. The new principles and associated structural changes that I describe here are limited to these innovative mechanisms. I exclude the last of the four channels—market-based mechanisms, such as the Clean Development Mechanism—from the argument because these mechanisms rely primarily on pricing carbon and therefore do not employ donor–recipient frameworks.

The financing that flows through innovative channels currently represents a small but growing portion of overall climate finance (Watson & Schalatek, 2020). Multilateral climate funds operate by aggregating funding from contributor countries and disbursing it to recipient countries. Although most of these funds operate under mandates from the UN Climate Convention, some operate outside its guidance. The climate investment funds (CIFs) managed by the World Bank are an example of the latter. Many countries have also established national and regional climate funds as "national hubs," designed to capture finance from a range of multilateral and bilateral sources (Gomez-Echeverri, 2010). The largest of these, Brazil's Amazon Fund, has a commitment of $1.2 billion. Finally, sovereign risk pools are currently operating in the Pacific, Caribbean, and African regions. As insurance entities that distribute risk across a group of countries, risk pools offer a new approach to adaptation. The initial capital provided by contributor countries subsidizes member countries' access to insurance, though they also pay premiums to participate (McGee et al., 2014).

Multilateral organizations—including the World Bank, UN agencies, regional development banks, and UN climate funds—play a variety of oversight roles in these channels. They rely on a mix of safeguards, designed to ensure that programs meet international standards of good governance, and capacity-building initiatives, intended to create "enabling environments" to help recipient country institutions meet these standards. Narrower in scope than the reforms attempted under development finance, these safeguards and initiatives seek to manage governance rather than

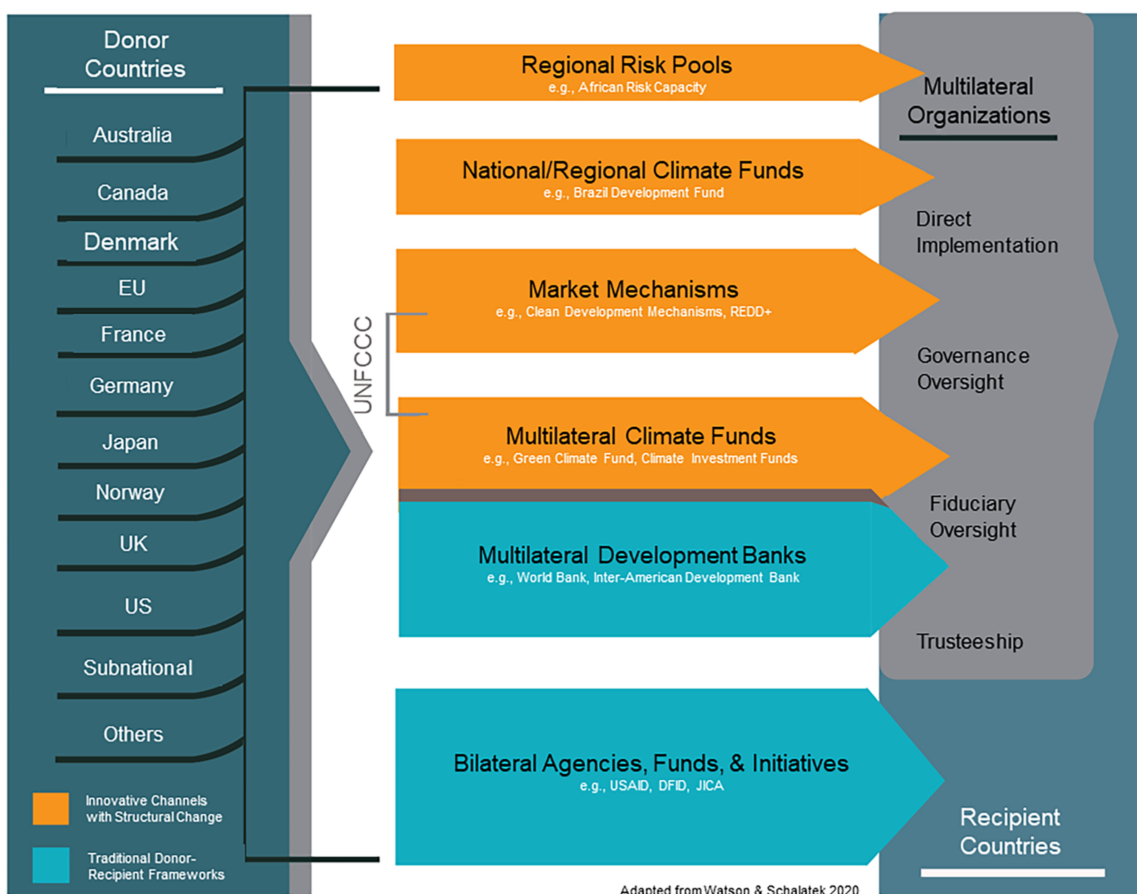

FIGURE 1 Multilateral organizations play a variety of roles in the six primary channels of international climate finance

overhaul it entirely. Though on the surface this approach to governance appears to reflect the logic of the largely ineffective policies of development finance, the four innovative channels provide new spaces for experimentation.

4.2 | New principles, structures, and opportunities in international climate finance

4.2.1 | Climate finance is restitution, not aid

The first important shift in the underlying principles of climate finance is toward a framing of restitution. In legal theory, restitution is the return of property or economic opportunities in order to restore the rights of those who have been violated, or those who suffer today from the past rights violations of others (Barkean, 2000; Leduc, 1969; Mackintosh et al., 2008).

Restitution in development finance

Some proponents of development finance have framed the provision of finance as restitution for colonialism and the present economic inequality rooted in these past harms (Bauer, 1984; Leduc, 1969; Pogge, 2005). The clear association between colonial responsibility and the geographic distribution of finance lends credence to restitution as a motivation for the provision of finance (Bauer, 1984). Contributor countries, however, rarely operationalized restitution in the financial structures of development finance. In traditional donor–recipient frameworks, contributors retained authority over funding (Moore, 2012). Not only could they dictate the channels through which funding flows and what it was used for, but they could also withdraw it at any time. This was particularly the case following the debt trap crisis of the 1970s, which led to an increased "donorship syndrome," in which "all initiative emanates from the donor side and donors determine which values and objectives are good for beneficiaries of aid" (Edgren, 2003, p. 4). Furthermore, contributor countries frequently used development finance to advance their own interests (e.g., trade and security objectives) (Keijzer & Black, 2020). Thus, despite a rhetoric of restitution, charitable or "gift-giving" norms dominate development finance, including the voluntary nature of contributions, contributor country oversight, and the channeling of funds through development agencies (Calder, 2010; Mackintosh et al., 2008; Moore, 2012). The principle of restitution remains rarely applied at the international level, limited to narrow contexts of criminal justice such as land dispossession and the return of pillaged cultural artifacts (Barkean, 2000; Vernon, 2003).

Restitution in climate finance

Since intergovernmental negotiations over climate change began in the early 1990s, countries classified as "developing" under the UN Climate Convention have argued for the need for restitution. This argument is grounded in the "polluter pays principle": the concept that because industrialized countries bear responsibility for the bulk of historical emissions, they have an obligation to not only rapidly reduce their emissions but also to compensate low-emitting and vulnerable countries for the damage caused (Gaines, 1991; Khan & Roberts, 2013; Roberts, 2009). Compensation, they argue, should take the form of both technology transfer (to enable emissions reductions) and financing to support mitigation and adaptation to adverse impacts (Pickering & Barry, 2012). Recipient countries have explicitly sought to frame climate finance as an international obligation, a type of financial transfer "normatively distinct" from development aid (Moore, 2012; Pickering et al., 2015; Vanheukelom et al., 2012). A submission from India on the Bali Action plan, for example, makes this distinction and its implications clear: "The new financial architecture for climate change derives from the UNFCCC and is fundamentally different from donor-driven aid flows…the providers of finance cannot be discretionary 'donors,' but must be legally obligated 'assessees.'" (Ministry of Environment and Forests, 2009, p. 41). Under such framing, the norms guiding the provision of climate finance would differ dramatically from the altruistic norms of development finance (Moore, 2012; Müller, 2009; Scoville-Simonds et al., 2020).

Recipient countries have not succeeded in enshrining the principle of restitution in the UN Climate Convention itself and claims of restitution remain highly politicized. The political dynamics of climate change, however, have enabled them to operationalize the principle within some of the more innovative channels of climate finance, particularly in terms of authority over funding (Harmeling & Kaloga, 2011; Moore, 2012; Persson, 2011; Schalatek, 2019). At the global level, recipient countries have negotiated equal or majority representation on the boards of several multilateral climate funds (Table 2). The Adaptation Fund Board is the first multilateral board of any type to have a majority of recipient country representatives, an explicit redistribution of power that indicates their "genuine ownership" of the fund as a financial instrument (Harmeling & Kaloga, 2011; Winkler & Müller, Winkler & Muller, 2008). This structure

TABLE 2 Board composition of multilateral climate funds, in order of funds (blue denotes contributor country majority, orange recipient country majority, and yellow equal representation)

Multilateral climate Funds	Funds pledged (US$ million)	Governing board, council, or assembly composition
Green Climate Fund	20,320.28	24 Members: 12 contributor country; 12 recipient country
Clean Technology Fund	5404.31	16 Members: 8 contributor country; 8 recipient country
Global Environment Facility	4052.99	32 Members: 14 contributor country; 16 recipient country; 2 economies in transition
Strategic Climate Fund	2646.27	16 Members: 8 contributor country; 8 recipient country
Least Developed Countries Fund	1686.42	*Under GEF Governance*
Adaptation Fund	1039.20	16 Members: 5 contributor country; 11 recipient country
Adaptation for Smallholder Agriculture Programme	406.49	36 Members: 24 contributor country; 12 recipient country
Special Climate Change Fund	379.04	*Under GEF Governance*

in turn influenced the establishment of the Green Climate Fund (GCF), the largest and most important fund in the post-Paris Agreement landscape (Al-Saidi, 2020). The transitional committee appointed to design the GCF included a recipient country majority, and the current board is split equally between contributor and recipient countries, with a co-chair drawn from each group (Green Climate Fund, 2013). Significantly, restitutional framing has extended to funds that operate outside the UN Climate Convention. The World Bank CIF's—worth approximately US$8 billion—have equal representation on all decision-making committees and subcommittees (Bird & Brown, 2010; Climate Investment Funds, 2021).

The shift in authority over funding is also reflected at the national level. National and regional climate funds are largely independent entities. Though they differ in their governance structures, they are in most cases controlled by recipient country governments (Gomez-Echeverri, 2010; Table 3). The Bangladesh Climate Change Resilience Fund, for example, operates under the "full ownership and leadership of the Government of Bangladesh, with a governing council and management committee comprised solely of national representatives" (Bank, 2021). Likewise, the governing boards of all three active sovereign risk pools have majority representation from member countries (Table 4).

Emerging spaces for alternative approaches

The shift in decision-making authority at the global level opens up space for approaches driven by recipient countries. At least in theory, contributor country perspectives no longer dominate the leadership forums of some climate finance organizations, including major multilateral climate funds like the GCF. Recipient country representatives exercise greater power to set priorities, allocate funding, and, most importantly, in this case, shape governance protocols. Under traditional development frameworks, an imbalance of decision-making authority produced governance policies shaped predominantly by the Western, liberal–rational worldview (Harrison, 2005; Williams & Young, 1994). Under climate finance frameworks, recipient country representatives may be empowered in these organizations to develop approaches that are not rooted in Western political thought. In particular, they may be more willing to cede decision-making authority to the national level, allowing endogenous institutions to evolve (see next *Approaches*).

As noted above, the Adaptation Fund is the first multilateral board of any type to feature a majority of recipient country representatives. It is therefore difficult to speculate about how such multilateral groups may behave, but it is not unreasonable to expect them to behave differently and for new policies to take unexpected forms. Recipient countries prevailed in early conflicts on the GCF Board, including over "no objection" procedures that give greater authority to national institutions (Smith & Rai, 2014). The Board has also exhibited surprising autonomy in formulating rules and governance standards for REDD+ projects. The GCF is still in its capacity-building phase, with significant opportunities for approaches to governance to continue to evolve (Al-Saidi, 2020).

Limitations

It is important to recognize that recipient countries have succeeded in operationalizing the principle of restitution in only limited ways. The shift in decision-making authority at global levels is partial and uneven. The funding flowing

TABLE 3 Board composition of national and regional climate funds, in order of funds pledged (blue denotes contributor country majority, orange recipient country majority, and yellow equal representation)

National and regional climate funds	International Funds pledged (US$ million)	Governing board or management committee composition
Amazon Fund	1288.23	23 Members: 8 national government; 9 states; 6 civil society
Brazilian National Fund on Climate Change	478.76	7 Members: 7 national government
Guyana REDD+ Investment Fund	250.00	8 Members: 4 national government; 4 contributor country
Central African Forest Initiative	244.36	7 Members: 7 contributor country
Congo Basin Forest Fund	186.02	6 Members: 2 contributor country; 4 recipient country
Bangladesh Climate Change Resilience Fund	170.00	15 Members: 7 national ministries; 4 national secretaries; 2 contributor country; 2 civil society
Climate Resilient Green Economy (Ethiopia)	200.00	N/A
Rwanda's Green Fund	50.00	10 Members: 7 national government; 1 contributor country; 1 private sector; 1 civil society
Mali Climate Fund	28.17	10 Members: 5 government; 5 technical and financial partners
Indonesia Climate Change Trust Fund	26.17	11 Members: 4 contributor country; 7 recipient country
Cambodia Climate Change Alliance Trust Fund	11.00	8 Members: 4 national government; 4 contributor country
Ecuador Yasuni ITT Trust Fund	10.58	5 Members: 3 national government; 2 contributor country; 1 civil society
Maldives Climate Change Trust Fund	10.30	N/A
Mexico Climate Change Fund	N/A	9 Members: 9 national government
Philippines People's Survival Fund	N/A	8 Members: 5 national government; 1 academic; 1 business; 1 NGO

TABLE 4 Board composition of sovereign risk pools (blue denotes contributor country majority, orange recipient country majority, and yellow equal representation)

Sovereign risk pools	Board composition
African Risk Capacity	8 Members: 7 recipient country; 1 World Food Program
Caribbean Catastrophe Risk Insurance Facility	6 Members: 4 recipient country; 2 contributor country
Pacific Catastrophe Risk Assessment and Financing Initiative	9 Members: 5 recipient country; 4 contributor country

through multilateral, regional, and national climate funds represents only a small proportion of overall climate finance (UNFCCC, 2021a). The majority of climate finance continues to flow through traditional development channels such as the World Bank and regional development banks (UNFCCC, 2021b). Though some bilateral finance is directed through regional and national funds, the bulk remains under contributor country control (Watson & Schalatek, 2020).

Because the Paris Agreement, and subsequent agreements like the 2021 Glasgow Climate Pact, bind contributor countries only to high-level, collective goals, these countries retain the ability to direct funding through whichever channels best serve their purposes (Ciplet et al., 2015). In some cases, they have circumvented forums where recipient countries exercise majority decision-making authority, such as the Adaptation Fund, preferring to funnel financing through channels where they have greater control (Harmeling & Kaloga, 2011). Recipient countries, however, recently secured guarantees that the Adaptation Fund would continue to receive a 2% share of proceeds from Certified Emissions Reductions under the Paris Agreement (UNFCCC, 2021a). This potentially significant source of finance, combined with contributor countries' record commitments to the Fund in Glasgow, may indicate broader acceptance of recipient countries' decision-making authority.

Representation on governance boards is only one aspect of decision-making, however, and significant constraints on aspects of disbursement and project implementation remain. For example, the GCF's allocation framework requires a balance between mitigation (a contributor country priority) and adaptation (a recipient country priority) (Green Climate Fund, 2013). In contrast, under the World Bank CIFs, contributor countries can earmark their contributions (Climate Investment Funds, 2021). As a result, the Clean Technology Fund, which supports mitigation, is significantly better resourced than the adaptation-focused Pilot Program for Climate Resilience (Update, 2022).

Even in cases where recipient countries exercise majority authority, forms of oversight usually remain in place. Multilateral organizations often serve as interim trustees for national and regional funds, with the stated intent of devolving administration to the national level (Gomez-Echeverri, 2010). The World Bank, however, continues to serve as the interim trustee for the Adaptation Fund, more than 20 years after its establishment, a point of contention for recipient countries (Harmeling & Kaloga, 2011).

4.2.2 | Recipient countries should exercise direct control over resource allocation

The second principle flows from the first. Under a restitutional framing of climate finance, the primary focus is on the financial transfer itself (Bird & Peskett, 2008; Moore, 2012; Müller, 2009; Schalatek et al., 2010). In principle, because funding is compensation and not a gift, recipient countries should have the authority to use it as they see fit (Lombo et al., 2016; Persson, 2011; Persson & Remling, 2014). In other words, it should be “country owned.”

Country ownership in development aid

Country ownership is not a new concept in international public finance (Booth, 2012a; Hyden, 2008). In the 1990s, growing concern over the effectiveness of conditionality-based aid led to a broad push to encourage recipient countries to assume greater “ownership” over development programs (Savedoff, 2019). The World Bank's Poverty Reduction Strategy Papers (PSRPs)—in which recipient country governments were expected to formulate and therefore “own” the poverty reduction agenda—embodied this approach (Hasselskog & Schierenbeck, 2017). In the 2005 Paris Declaration, as well as in the later Accra Agenda, donor and recipient countries agreed that country ownership constituted a major principle underpinning effective aid (Booth, 2012a, 2012b). The Paris Declaration emphasized that recipient countries—implicitly, national governments—should be involved in a range of associated activities, including problem identification, program design, resource allocation, and implementation. For resource allocation, the objective was to provide funding through recipient country's public financial management and procurement systems, rather than donor led projects (Booth, 2011; Buffardi, 2013). In theory, country ownership would help shift the paradigm from one of “charity” and “tutelage” to one of partnership and mutual accountability (Savedoff, 2019).

Contributors, however, implemented the principle half-heartedly at best. Some have attributed this to a loss of focus in the aid community following the 2009 financial crisis; others have pointed to the growing “southernization” of aid, which brought competition for influence from emerging contributors like China (Mawdsley, 2018). In practice, ownership was more often defined as the institutional capacity to manage a project, rather than the bottom-up process envisioned in the Paris Declaration (Buiter, 2007). The OECD increasingly defined ownership as the pursuit of mutual interest (Keijzer & Black, 2020). The implicit reliance on national governments was also increasingly at odds with the growing recognition of recipient countries as “whole societies”—with differing groups holding often contrasting development objectives—and the corresponding effort to direct funding to a broader set of partners in civil society (Carothers & de Gramont, 2013; Seims, 2011). Empirical studies found that programs guided by the principle of country ownership produced various configurations of decision-making authority among actors, but overall continued to underrepresent recipient country actors, especially in problem identification and resource allocation (Buffardi, 2013). Development programs continued to be designed largely by external consultants and to rely on international intermediaries, while funding continued to be channeled largely outside of national budgetary systems (Ballesteros et al., 2010; Savedoff, 2019). Ultimately the shift to country-ownership proved to be largely rhetorical, losing out to the competing demands and priorities of donor countries, such as mutual benefit and self-interest.

Country ownership in climate finance

As the architecture of climate finance continues to evolve, recipient countries have successfully negotiated for funding structures that grant them greater (though far from complete) control over the allocation of financial resources (Keijzer & Black, 2020). Several multilateral climate funds under the UN Climate Convention have implemented

procedures, known as "direct access modalities," that empower national governments to manage financing without international intermediaries (Afful-Koomson, 2015; Scoville-Simonds, 2016). In contrast to traditional donor–recipient frameworks, in which funding is channeled largely outside national budgetary systems, direct access devolves resource allocation directly to the national level (Bird et al., 2011). Pioneered by the Adaptation Fund, the model was taken up by the GCF, in response to calls from recipient countries and civil society for alternative climate finance structures that avoided imposing top-down objectives (Bertilsson & Thörn, 2021; Chaudhury, 2020; Manuamorn & Biesbroek, 2020). Additionally, regional and national climate funds function similarly to direct access modalities (Bertilsson & Thörn, 2021). Brazil's Amazon Fund, for example, is administered by Brazil's National Development Bank, not a regional development bank or other multilateral organization. While direct access modalities have antecedents in development finance, such as the Millennium Challenge Corporation, funding was limited to countries that qualified by independent metrics (Müller & Pizer, 2014).

The GCF in particular has the potential to greatly increase the scale of direct access implementation. It also advanced the concept, launching an "Enhanced Direct Access" (EDA) pilot program, which further devolves programmatic control to the national level (Watson & Schalatek, 2020). Under EDA, funding decisions, fund management, and oversight all occur at the national level (Bird et al., 2011; Müller & Pizer, 2014). This explicit departure from project-based funding is expected to become GCF's "signature access modality" (Murray et al., 2015). Three pilot programs are underway, with seven additional pilots likely to be funded (Enhancing Direct Access, 2022). The Adaptation Fund also recently launched an EDA program, with two projects currently under consideration (Grants to Date, 2022).

Emerging spaces for alternative approaches

Direct access has the potential to enable alternative approaches in two ways. The first is by creating space for the evolution of endogenous institutions for climate-related decision-making (Acemoglu et al., 2001; Dunning & Pop-Eleches, 2004; Mkandawire, 2009; Rodrik, 2000; Sen, 1999). The shift in control of financing to the national level means that actors in recipient country institutions exercise greater authority to shape governance policies. In contrast to actors within development organizations, which persist in their technocratic orientation and exhibit weak knowledge of local contexts, these actors are well-positioned to recognize prevailing power structures (Hout, 2012; Unsworth, 2009; Yanguas & Hulme, 2015). Indeed, they are embedded within these structures, both formal and informal. National actors and institutions can draw on this knowledge to develop more nuanced theories of change, based on a more accurate understanding of individual and collective incentives. Endogenous institutions are likely to be better adapted to local context and could be more effective, for example, in building resilience to climate impacts. A variety of "thick" participatory institutions could facilitate discussions and interchange around long-term planning and adaptation (Evans, 2004).

Second, direct access creates space for multilateral organizations to actively experiment with alternative approaches, such as experiential learning and "purposive muddling" as suggested by Andrews (2013). They could develop more flexible governance policies that focus on the services that informal institutions deliver, rather than their form, or allow for the emergence of "hybrid" institutions that combine local institutions with international organizations' standards of financial management (Andrews, 2013; Booth, 2012b; Brinkerhoff & Goldsmith, 2005). Direct access, and especially Enhanced Direct Access, are the sort of "arms-length" funding arrangements that Booth and Unsworth (2014) suggested could enable innovation in "strategies and tactics."

Such on-the-ground experimentation also has the potential to improve the feedback mechanisms that link locally relevant knowledge to global policymaking. This feedback could include not only more nuanced information about the sociopolitical relationships that shape governance, but also the results from endogenous experimentation. Both multilateral organizations that directly fund programs, like the GCF, and organizations that partner with national governments, like the World Bank, would benefit from strengthening these mechanisms. Governing boards with equal or majority recipient country representation are well-positioned to utilize this knowledge in shaping governance policies.

Limitations

The most significant limit to recipient country ownership is the continued reluctance of contributor countries to cede decision-making authority to national levels. The tensions of development finance—between the recognition that not all governments behave democratically and the importance of building effective and equitable institutions in the long run—are now manifest in climate finance. Contributor countries have used authoritarianism and corruption in some recipient countries to argue that innovative governance structures amount to "just throwing money at dictators" (Moore, 2012). Despite the new political dynamics of climate finance, contributor countries provide funding under a

deliberatively vague mandate and retain the option to withdraw it from any particular channel, such as those where experimentation occurs, or altogether (Khan et al., 2019; Weikmans & Roberts, 2018). Some funds, like the CIFs, do not enable direct access at all.

Even where recipient country institutions directly manage international resources, contributor countries retain significant oversight. Under direct access, recipient country institutions must apply for accreditation, an often-lengthy review of its fiduciary procedures and capacity (Masullo et al., 2015). Funding remains heavily skewed toward projects implemented by multilateral entities (Chaudhury, 2020; Colenbrander et al., 2018). Though 51% of entities accredited by the GCF are national-level, only 15% of projects to date (25 projects total) have been implemented by national institutions (GCF Portfolio Dashboard, 2022). Earmarking, such as that under the CIFs, further undermines country-ownership.

Finally, while the EDA is intended to be the GCF's "signature access modality," it has gotten off to a slow start. Many direct access entities lack the financial intermediation capabilities required to implement EDA (Colenbrander et al., 2018). As a result, the GCF's dominant "devolved" approach remains a programmatic or financing facility approach, under which the individual sub-project's funding decisions are taken by the accredited entity after the GCF's approval of the project or program. When these decisions are taken by multilateral or private sector entities, such an approach contrasts with and even undermines country-ownership, as national and subnational decision-makers do not have the opportunity to consent to such sub-projects.

4.2.3 | Climate finance should support mitigation and adaptation

The third new principle is relatively straightforward. Climate finance is motivated by narrower objectives than development finance. For mitigation, the goal is to reduce emissions. For adaptation, the goal is to foster preventative, responsive, and adaptive actions. New types of expertise are needed to design and finance projects to meet these objectives (Lundsgaarde et al., 2018). This need for new expertise has empowered new ministries and actors at the national and subnational level, partially disrupting the traditional channels by which international public finance flows into recipient country governments.

Development finance objectives and channels

Development finance has traditionally supported a wide range of objectives. The Millennium Development Goals, which broadly guided development finance from 1990 to 2015 included, among other things, the eradication of extreme poverty, achievement of universal primary education, combatting diseases such as malaria, and ensuring environmental sustainability. Contributors directed funding to meet these objectives to a range of line ministries in recipient countries, which were primarily responsible for the delivery of public services (Heller, 2005). Funding was primarily disbursed, however, through national treasuries and Ministries of Finance, which were responsible for aggregate financing of the national budget (Bulíř & Hamann, 2008; Harmeling & Kaloga, 2011). This structure effectively limited dialogue around resource allocation to a narrow set of actors, with narrow expertise: economists in Treasuries and Ministries of Finance; policy and planning experts in line ministries; and contributors (Williamson & Dom, 2010). Ministries of Finance, for example, took the lead in preparing PRSPs, with little participation by line ministries or local governments (Easterly, 2002).

Climate finance objectives and channels

The Paris Agreement states that "developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation" (Article 9). These objectives are reflected in multilateral funds' aims and operational guidelines. The GCF, for example, states that "the Fund will promote the paradigm shift towards low emissions and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change" (Green Climate Fund, 2013, p. 2). Similar objectives guide bilateral climate finance (Schalatek, 2019).

Given these objectives, climate change and climate finance were initially the purview of Ministries of Environment in most countries, which were seen to have the requisite technical expertise and mandate (Lundsgaarde et al., 2018; Nakhooda & Jha, 2014). As climate finance evolved, it became subject to largely separate administration than development finance (Lundsgaarde et al., 2018). In addition to requiring technical expertise, there was also significant pressure to demonstrate that climate funding constituted a new and additional commitment (Persson & Atteridge, 2019). Concern that climate finance might divert from ODA led to efforts to build separate institutions and funds (Afful-Koomson, 2015).

Ministries of Environment—as well as other climate-relevant line ministries such as Agriculture and Meteorology—have been empowered by these structural shifts, especially vis-à-vis Finance Ministries, traditional gatekeepers in development finance. Most directly, line ministries are increasingly accredited to receive, manage, and hold liability for international funds through direct access arrangements (Murray et al., 2015; Table 5). Less directly but still significantly, national focal points and national designated authorities for multilateral funds are usually located within climate-relevant ministries. These actors intermediate between recipient governments and funds, and their skills, knowledge, and contacts are needed to navigate their complex application and accreditation requirements (Jaramillo, 2014). Ministries of Environment have used this access to finance and multilateral organizations to expand their own capabilities and priorities (Nakhooda & Jha, 2014).

Many have also noted a broader structural shift in climate finance, whereby a proliferation of actors and intensification of interaction across governance levels is leading to a reconfiguration of agency and authority (Biermann & Pattberg, 2008; Bracking & Leffel, 2021). One way this manifests is in climate-relevant ministries taking the lead in new financial entities intended to capture and direct climate finance at the national level. In Rwanda, for example, the Ministry of Environment and Natural Resources manages the country's Green Fund, supported by a technical committee with representation from the Ministry of Finance (Soanes et al., 2017). In Colombia, the Ministry of Environment and Sustainable Development co-leads SISCLIMA, a national committee to coordinate climate policy and finance, with the Ministry of Planning, while the Finance Ministry plays only a "weak role" (Jaramillo, 2014). Recipient countries are also increasingly establishing or rebranding ministries, such as Climate or Blue Economy, intended to capture climate finance.

Direct access and enhanced direct access programs also theoretically enable sub-national actors, such as local governments, to assume greater decision-making authority (Colenbrander et al., 2018). This is particularly the case for adaptation finance, which is seen to require context-specific expertise to be effective (Khan et al., 2019; Pelling & Garschagen, 2019). There is some early evidence that sub-national entities have capitalized on these new access modalities to circumvent traditional channels. A study of two direct access Adaptation Fund projects in South Africa, for example, found that municipalities established procedures that enabled them to avoid the National Treasury in accessing funds (Keen & Winkler, 2020).

Emerging spaces for alternative approaches

The separate administration of climate finance and the emergence of new institutional arrangements for its implementation have shifted decision-making authority within recipient country governments. These shifts are significant for the approach to informal power in two ways.

First, it expands the dialogue around resource allocation beyond the narrow set of traditional actors involved in development finance. While actors associated with these traditional channels are likely to resist changes to the status quo, new actors, housed in new and historically under-funded ministries, could prove more likely to experiment with new approaches to governance. New approaches could, for example, promote positive organizational cultures, encouraging the sort of "entrepreneurial bureaucratic behavior" that Tendler (1997) identified as key to effective public service delivery. Technical ministries—such as Climate, Environment, and Meteorology—are poised to embrace such a shared sense of mission.

Second, shifts in authority to subnational actors open the possibility of experimentation at smaller, local scales. Brinkerhoff and Johnson (2009) argued that local governments were well positioned to experiment, with the potential for faster feedback loops and learning. Many have argued that devolving authority to sub-national levels also opens opportunities for broader participation, including through informal institutions (Omari-Motsumi et al., 2019). Overall, the empowerment of new actors at national and sub-national levels makes it more likely that experimental approaches sanctioned at global levels—for example, under the GCF or Adaptation Fund—will find traction within recipient countries.

Limitations

As with the first two principles, shifts in decision-making authority at the national level have been incremental and uneven to date. Because the bulk of funding continues to flow through bilateral channels and traditional development organizations, Ministries of Finance retain significant decision-making authority. Finance Ministries are, for example, primarily responsible for coordinating with the World Bank CIFs (Nakhooda & Jha, 2014). Despite equal representation at global levels, these funds continue to be implemented through development banks' traditional operating procedures (Funds, 2021). Though line ministries are empowered through multilateral climate funds, few have implemented

TABLE 5 National entities accredited for direct access and enhanced direct access under the Green Climate Fund and Adaptation Fund

		Accreditation			
		Green Climate Fund		Adaptation Fund	
Country	National government or semi-governmental entity	DA	EDA	DA	EDA
Antigua and Barbuda	Department of Environment, Ministry of Health and Environment	*	*		
Argentina	General Directorate of Sectoral and Special Programs and Projects, Ministry of Agriculture, Livestock, and Fisheries				
	Unidad Para El Cambio Rural				
Armenia	Environmental Project Implementation Unit, State Agency of the Ministry of Nature Protection				
Bangladesh	Palli Karma-Sahayak Foundation	*			
Belize	Protected Areas Conservation Trust				
Benin	National Fund for Environment and Climate				
Bhutan	Bhutan Trust Fund for Environmental Conservation				
Brazil	Caixa Econômica Federal				
	Fundo Brasileiro para a Biodiversidade				
Cambodia	National Committee for Sub-National Democratic Development Secretariat				
Chile	Agencia Chilena de Cooperacion Internacional para el Desarrollo				
China	Foreign Environmental Cooperation Center, Ministry of Ecology and Environment				
Colombia	Fondo para la Acción Ambiental y la Niñez				
Cook Islands	Ministry of Finance and Economic Management				
Costa Rica	Fund Cooperacion para el Desarrollo Sostenible				
Dominican Republic	Dominican Institute of Integral Development				
Ethiopia	Ministry of Finance and Economic Cooperation	*			
Honduras	Comisión de Ación Social Menonita				
Indonesia	Kemitraan bagi Pembaruan Tata Pemerintahan				
Ivory Coast	Fonds Interprofessionnel pour la Recherche et le Conseil Agricoles				
Jamaica	Planning Institute of Jamaica				
Jordan	Ministry of Planning and International Cooperation				
Kenya	National Environment Management Authority of Kenya	*			
Mexico	Fondo Mexicano para la Conservación de la Naturaleza A.C.	*			
	Mexican Institute of Water Technology				
Micronesia	Micronesia Conservation Trust				
Morocco	Agency for Agricultural Development of Morocco			*	
Namibia	Desert Research Foundation of Namibia				
	Environmental Investment Fund	*	*		
Nepal	Alternative Energy Promotion Centre	*			
	National Trust for Nature Conservation				
Phillippines	Landbank of the Philippines	*			
Pakistan	National Rural Support Programme				
Panama	Fundación Natura				
Peru	Peruvian Trust Fund for National Parks and Protected Areas	*			

TABLE 5 (Continued)

		Accreditation			
		Green Climate Fund		Adaptation Fund	
Country	**National government or semi-governmental entity**	**DA**	**EDA**	**DA**	**EDA**
Rwanda	Ministry of Environment	* [yellow]		[yellow]	
Senegal	Centre de Suivi Écologique	* [yellow]		[yellow]	
South Africa	South Africa National Biodiversity Institute	[yellow]		[yellow]	
Tanzania	National Environment Management Council			[yellow]	[yellow]
Tuvalu	Ministry of Finance			[yellow]	
Uganda	Ministry of Water and Environment	[yellow]		[yellow]	
Uruguay	Agencia Nacional de Investigacion e Innovacion			[yellow]	
Zimbabwe	Environmental Management Agency			[yellow]	

Note: Yellow cells indicate that the national government or semi-governmental entity is accredited. * indicates the entity has received or been approved to receive funding. Entities exclude national banks and private sector.

projects to date (Table 5). Limited information on bilateral finance makes it difficult to assess how much funding is flowing into new Ministries of Climate. As little as 10% of multilateral funding reaches local-level organizations (Soanes et al., 2017).

Further, breaking away from traditional donor–recipient frameworks is a contested process at all governance levels. Structural changes that pose a threat to the vested interests of leaders and elites are unlikely to go unchallenged (Collins, 2012; Hyden, 2008). As roles and responsibilities evolve rapidly, a mix of institutions is vying to capture and control climate finance: some newly empowered actors, like climate-relevant ministries, semi-governmental climate funds, and local government; some traditional gatekeepers of international public finance, like Finance Ministries and national development banks. Bureaucratic politics and conflicts over resources are likely to limit the transfer of authority, as shown by the struggle of some Ministries of Environment in expanding their authority (Nakhooda & Jha, 2014). After initially ceding the mandate over climate change, Finance Ministries have become more active, especially in international negotiations (Skovgaard, 2017). It is also important to note that decentralization has shown to lead to diminished democratic accountability (Agrawal et al., 2012). Outcomes from shifts in authority are therefore likely to differ country by country.

5 | CONCLUSION

Governance in recipient countries remains a challenge for multilateral organizations involved in international climate finance. This article reviewed the literature on the "institutionalist turn" in development finance. Beyond technical explanations, this literature points to how development organizations' deep misunderstanding of the operation of power in recipient countries contributed to the ineffectiveness of governance reforms. In particular, these organizations inability to recognize and grapple with informal power and institutions, severely limited their ability to effect meaningful institutional change. Though development scholars and practitioners have suggested alternative approaches, these have gotten little traction to date.

Climate finance has the potential to be different. Structurally, it has innovated beyond development finance. This movement away from traditional donor–recipient frameworks has been partial and uneven. Contributor countries have not willingly conceded authority, nor have the traditional gatekeepers of international public finance within recipient countries. Nevertheless, shifts in decision-making authority at global and national levels open spaces for alternative approaches to emerge, some of which could take unexpected forms, and for active experimentation on the part of multilateral organizations. The shift to equal or majority representation of recipient countries on the boards of multilateral, regional, and national climate funds is particularly significant. Restitutional norms have rarely been applied at the international level.

The disruption is far from total, but it generates space to rethink how multilateral organizations and other providers of climate finance engage with informal power. These spaces offer opportunities to deploy a number of alternative approaches, such as building off endogenous institutional forms, encouraging "hybrid" or "thick" participatory institutions, and promoting "organizational culture" in climate-focused ministries and agencies. Multilateral organizations can enable experimentation through iterative and "politically smart" approaches that allow in-country actors to operate at arm's length from contributors. Given the limits described, alternative approaches are most likely to emerge from spaces that link leadership forums where recipient countries at empowered at multiple levels, such as the GCF's "enhanced direct access" program. Other promising spaces are those where decision-making authority is closest to local levels—national and regional climate funds, for example—and therefore are most likely to provide substantive institutional change.

These spaces for experimentation remain small within the overall architecture of international climate finance. Limited funding flows through the more innovative channels described here, and contributor countries continue to retain significant control and oversight. The development of alternative approaches will require contributor countries to tolerate risk-taking, imperfect governance, and institutional difference. Small spaces, however, might be the right spaces for experimentation. It is broadly agreed that the past approaches to development finance have fallen short. Even as multilateral organizations have come to recognize the nature of informal power in recipient countries, their own constraints have prevented them from changing course. Allowing for experimentation, and closely monitoring the results of alternative approaches, could yield surprising results broadly relevant across international public finance.

AUTHOR CONTRIBUTIONS

Katherine Elizabeth Browne: Conceptualization (equal); investigation (equal); methodology (equal); visualization (equal); writing – original draft (equal).

ACKNOWLEDGMENTS

This work was supported by the Rackham Predoctoral Fellowship at the University of Michigan. Comments from Maria Carmen Lemos, Rosina Bierbaum, and Jennifer Zavaleta improved this manuscript.

CONFLICT OF INTEREST

The author has declared no conflicts of interest for this article.

DATA AVAILABILITY STATEMENT

Data sharing is not applicable to this article as no new data were created or analyzed in this study.

ORCID

Katherine Elizabeth Browne https://orcid.org/0000-0002-5435-9065

RELATED WIREs ARTICLES

From climate finance toward sustainable development finance
The framing of power in climate change adaptation research
Global adaptation governance: An emerging but contested domain
Low-carbon transition risks for finance
Climate finance governance: Fit for purpose?

REFERENCES

Abers, R. (1998). From clientelism to cooperation: Local government, participatory policy, and civic organizing in Porto Alegre, Brazil. *Politics and Society*, *26*, 511–537. https://doi.org/10.1177/0032329298026004004

Acemoglu, D., Johnson, S., & Robinson, J. A. (2001). The colonial origins of comparative development: An empirical investigation. *The American Economic Review*, *91*, 1369–1401. https://doi.org/10.1257/aer.91.5.1369

Afful-Koomson, T. (2015). The green climate Fund in Africa: What should be different? *Climate and Development*, *7*(4), 367–379. https://doi.org/10.1080/17565529.2014.951015

Agrawal, A., Perrin, N., Chharte, A., Benson, C., & Kononen, M. (2012). Climate policy processes, local institutions, and adaptation actions: Mechanisms of translation and influence. *WIREs Climate Change*, *3*, 566–579.

Al-Saidi, M. (2020). Green climate fund (GCF): Role, capacity building, and directions as a catalyst for climate finance (pp. 555–564). https://doi.org/10.1007/978-3-319-95885-9_44

Andersen, T. B., Hansen, H., & Markussen, T. (2006). US politics and world Bank IDA-lending. *Journal of Development Studies*, *42*(5), 772–794. https://doi.org/10.1080/00220380600741946

Andrews, M. (2008). The good governance agenda: Beyond indicators without theory. *Oxford Development Studies*, *36*(4), 379–407. https://doi.org/10.1080/13600810802455120

Andrews, M. (2013). *The limits of institutional reform in development: Changing rules for realistic solutions*. Cambridge University Press. https://doi.org/10.1017/cbo9781139060974

Ballesteros, A., Nakhooda, S., Werksman, J., & Hurlburt, K. (2010). Power, responsibility, and accountability: Rethinking the legitimacy of institutions for climate finance. *Climate Law*, *1*(2), 261–312. https://doi.org/10.3233/CL-2010-013

Bank, W. (2021). Bangladesh climate change resilience fund. Retrieved from https://www.worldbank.org/en/news/feature/2012/05/22/bangladesh-climate-change-resilience-fund-bccrf.

Barkean, E. (2000). *The guilt of nations: Restitution and negotiating historical injustices*. Norton.

Bauer, P. T. (1984). *Reality and rhetoric*. Weidenfeld & Nicolson.

Bayart, J.-F. (1989). *The state in Africa: The politics of the belly*. Wiley.

Bertilsson, J., & Thörn, H. (2021). Discourses on transformational change and paradigm shift in the green climate fund: The divide over financialization and country ownership. *Environmental Politics*, *30*(3), 423–441. https://doi.org/10.1080/09644016.2020.1775446

Bhambra, G. K. (2011). Historical sociology, modernity, and postcolonial critique. *American Historical Review*, *116*(3), 653–662. https://doi.org/10.1086/ahr.116.3.653

Biermann, F., & Pattberg, P. (2008). Global environmental governance: Taking stock, moving forward. *Annual Review of Environment and Resources*, *33*, 277–294. https://doi.org/10.1146/annurev.environ.33.050707.085733

Bird, N, & Brown, J. (2010). International climate finance: Principles for European support to developing countries. EDC2020 Document de Travail (6). Retrieved from http://www.indiaenvironmentportal.org.in/files/EDC_2020_Working_Paper_No_6.pdf.

Bird, N., & Peskett, L. (2008). Recent bilateral initiatives for climate financing: Are they moving in the right direction? *Overseas Development Institute, ODI Opinion*, *112*(September), 1-2. Retrieved from. http://asiasociety.org/files/pdf/Binder5_LeadershipandSustainableDevelopment.pdf

Bird, Neil, Billett, S., & Colón, C. (2011). *Direct Access to Climate Finance*: *experiences and lessons learned* (Discussion Paper).

Bøås, M. (1998). Governance as multilateral development bank policy: The cases of the African development Bank and the Asian Development Bank. *European Journal of Development Research*, *10*(2), 117–134. https://doi.org/10.1080/09578819808426720

Booth, D. (2011). Governance for development in Africa: Building on what works. *Policy Brief*, *1*(April), 1–4. Retrieved from. http://tinyurl.com/3qss67k/nwww.instituations-africa.org

Booth, D. (2012a). Aid effectiveness: Bringing country ownership (and politics) back in. *Conflict, Security and Development*, *12*(5), 537–558. https://doi.org/10.1080/14678802.2012.744184

Booth, D. (2012b). Working with the grain and swimming against the tide: Barriers to uptake of research findings on governance and public services in low-income Africa. *Public Management Review*, *14*(2), 163–180. https://doi.org/10.1080/14719037.2012.657959

Booth, D., & Faustino, J. (2014). *Development Entrepreneurship*: *How donors and leaders can foster institutional change* (Working Politically in Practice No. 2) (Vol. December). Retrieved from https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9384.pdf.

Booth, D., & Unsworth, S. (2014). *Politically smart, locally led development*. Overseas Development Institute.

Bracking, S., & Leffel, B. (2021). Climate finance governance: Fit for purpose? *Wiley Interdisciplinary Reviews: Climate Change*, *0–21*, 769–771. https://doi.org/10.1016/j.optmat.2011.11.002

Bratton, M., & van de Walle, N. (1994). Neopatrimonial regimes and political transitions in Africa. *World Politics*, *46*, 453–489. https://doi.org/10.2307/2950715

Brinkerhoff, D. W., & Goldsmith, A. A. (2002). Clientelism, Patrimonialism and Democratic Governance: an overview and framework for Assessment and Programming. Retrieved from http://pdf.usaid.gov/pdf_docs/Pnacr426.pdf.

Brinkerhoff, D. W., & Goldsmith, A. A. (2005). Institutional dualism and international development a revisionist interpretation of good governance. *Administration and Society*, *37*(2), 199–224. https://doi.org/10.1177/0095399704272595

Brinkerhoff, D. W., & Johnson, R. W. (2009). Decentralized local governance in fragile states: Learning from Iraq. *International Review of Administrative Sciences*, *75*(4), 585–607. https://doi.org/10.1177/0020852309349424

Buffardi, A. L. (2013). Configurer l'« appropriation par les pays »: schémas des rapports bailleurs de fonds-récipiendaires. *Development in Practice*, *23*(8), 977–990. https://doi.org/10.1080/09614524.2013.841862

Buiter, W. H. (2007). "Country ownership": A term whose time has gone. *Development in Practice*, *17*(4–5), 647–652. https://doi.org/10.1080/09614520701469856

Bulíř, A., & Hamann, A. J. (2008). Volatility of development aid: From the frying pan into the fire? *World Development*, *36*, 2048–2066. https://doi.org/10.1016/j.worlddev.2007.02.019

Buntaine, M. T., Parks, B. C., & Buch, B. P. (2017). Aiming at the wrong targets: The domestic consequences of international efforts to build institutions. *International Studies Quarterly*, *61*(2), 471–488. https://doi.org/10.1093/isq/sqx013

Calder, T. (2010). Shared responsibility, global structural injustice, and restitution. *Social Theory and Practice*, *36*(2), 263–291.

Carothers, T., & de Gramont, D. (2013). *Development aid confronts politics: The almost revolution*. Carnegie Endowment for International Peace. https://doi.org/10.1080/13510347.2014.897330

Carty, T., Kowalzig, J., & Zagema, B. (2020). Climate Finance Shadow Report 2020: Assessing progress towards the $100 billion commitment. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621066/bp-climate-finance-shadow-report-2020-201020-en.pdf

Chang, H.-J. (2003). *Kicking away the ladder: Developmnet strategy in historical perspective*. Anthem Press.

Chaudhury, A. (2020). Role of intermediaries in shaping climate finance in developing countries—lessons from the Green Climate Fund. *Sustainability*, *12*(14), 5507.

Ciplet, D., Roberts, J. T., & Khan, M. R. (2015). *Power in a warming world: The new global politics of climate change and the remaking of environmental inequality*. MIT Press.

Colenbrander, S., Dodman, D., & Mitlin, D. (2018). Using climate finance to advance climate justice: The politics and practice of channelling resources to the local level. *Climate Policy*, *18*(7), 902–915. https://doi.org/10.1080/14693062.2017.1388212

Collins, P. D. (2012). Introduction to the special issue: The global anti-corruption discourse-towards integrity management? *Public Administration and Development*, *32*, 1–10. https://doi.org/10.1002/pad.618

Doornbos, M. R. (2004). "Good governance": The pliability of a policy concept. *TRAMES: A Journal of the Humanities & Social Sciences*, *8*, 372–387.

Dunning, T., & Pop-Eleches, G. (2004). From transplants to hybrids: Exploring institutional pathways to growth. *Studies in Comparative International Development*, *38*(4), 3–29. https://doi.org/10.1007/BF02686326

Easterly, W. (2002). The cartel of good intentions: The problem of bureaucracy in foreign aid. *The Journal of Policy Reform*, *5*(4), 223–250. https://doi.org/10.1080/1384128032000096823

Edgren, G. (2003). *Donorship*, *ownership and partnership* (SIDS Studies in Evaluation No. 3(03)).

Enhancing Direct Access (2022). Retrieved from https://www.greenclimate.fund/eda.

Escobar, A. (2011). *Encountering development: The unmaking and unmaking of the third world*. Princeton University Press.

Evans, P. (2004). Development as institutional change: The pitfalls of monocropping and the potentials of deliberation. *Studies in Comparative International Development*, *38*(4), 30–52. https://doi.org/10.1007/BF02686327

Fox, J. (2001). Vertically integrated policy monitoring: A tool for civil society policy advocacy. *Nonprofit and Voluntary Sector Quarterly*, *30*, 616–627. https://doi.org/10.1177/0899764001303015

Funds, C. I. (2021). Governance.

Gaines, S. E. (1991). The polluter-pays principle: From economic equity to environmental ethos. *Texas International Law Journal*, *26*, 463–495.

GCF Portfolio Dashboard. (n.d.). Retrieved from https://www.greenclimate.fund/projects/dashboard.

Gisselquist, R. M. (2014). Good Governance as a Concept, and Why This Matters for Development Policy (WIDER No. 2012/30).

Gomez-Echeverri, L. (2010). National Funding Entities: Their role in the transition to a new paradigm of global cooperation on climate change (ECBI Policy Report).

Graeber, D. (2015). *The utopia of rules: On technology, stupidity, and the secret joys of bureaucracy*. Melville House. https://doi.org/10.2307/j.ctv5cg82g.8

Grants to Date. (2022). Retrieved from https://www.adaptation-fund.org/apply-funding/enhanced-direct-access-eda-grants/grants-to-date/.

Green Climate Fund. (2013). Governing Instrument of the Green Climate Fund. Retrieved from https://www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf.

Grindle, M. S. (1997). *Divergent cultures? When public organizations perform well in developing countries*. World Development. https://doi.org/10.1016/S0305-750X(96)00123-4

Grindle, M. S. (2004). Good enough governance: Poverty reduction and reform in developing countries. *Governance*, *17*(4), 525–548. https://doi.org/10.1111/j.0952-1895.2004.00256.x

Grindle, M. S. (2011). Good enough governance revisited. *Development and Policy Review*, *29*(suppl 1), s199–s221. https://doi.org/10.1111/j.1467-7679.2011.00526.x

Haller, C., & Shore, D. (2005). *Corruption: Anthropological perspectives*. Pluto.

Harmeling, S., & Kaloga, A. O. (2011). Understanding the political economy of the adaptation fund. *IDS Bulletin*, *42*, 23–32. https://doi.org/10.2307/41407959

Harrison, G. (2005). The World Bank, governance and theories of political action in Africa. *The British Journal of Politics and International Relations*, *7*(2), 240–260. https://doi.org/10.1111/j.1467-856X.2005.00175.x

Hasselskog, M., & Schierenbeck, I. (2017). The ownership paradox: Continuity and chnge. *Forum for Development Studies*, *44*(3), 323–333.

Heller, P. (2005). "Pity the Finance Minister:" Issues in managing a substantial scale up of aid flows (IMF Working Papers). https://doi.org/10.5089/9781451861990.001

Helmke, G., & Levitsky, S. (2006). Introduction. In *Informal institutions and democracy: Lessons from Latin America*. Johns Hopkins University Press.

Hout, W. (2012). The anti-politics of development: Donor agencies and the political economy of governance. *Third World Quarterly*, *33*(3), 405–422. https://doi.org/10.1080/01436597.2012.657474

Hyden, G. (2008). After the Paris declaration: Taking on the issue of power. *Development and Policy Review*, *26*(3), 259–274. https://doi.org/10.1111/j.1467-7679.2008.00410.x

Jaramillo, M. (2014). *The coordination of climate finance in Colombia (December)*. Overseas Development Institute.

Kapoor, I. (2008). *The postcolonial politics of development*. Routledge. https://doi.org/10.4324/9780203946145

Kapur, D., & Webb, R. (2000). Governance-related Conditionalities of the International Financial Institutions (G-24 Discussion Paper Series). Retrieved from https://unctad.org/system/files/official-document/pogdsmdpbg24d6.en.pdf.

Keen, S., & Winkler, H. (2020). Enhanced Direct Access finance in South Africa: SANBI and the Adaptation Fund An example of transformation in public finance and governance (June).

Keijzer, N., & Black, D. (2020). Special issue introduction ownership in a post-aid effectiveness era: Comparative perspectives. *Development and Policy Review*, *38*(S1), O1–O12. https://doi.org/10.1111/dpr.12490

Khan, M., Robinson, S., & Weikmans, R. (2019). Twenty-five years of adaptation finance through a climate justice lens. *Climatic Change*, *161*, 251–269. https://doi.org/10.1007/s10584-019-02563-x

Khan, M. R., & Roberts, J. T. (2013). Adaptation and international climate policy. *WIREs Climate Change*, *4*(3), 171–189. https://doi.org/10.1002/wcc.212

Kulshreshtha, P. (2008). Public sector governance reform: The World Bank's framework. *International Journal of Public Sector Management*, *21*(5), 556–567. https://doi.org/10.1108/09513550810885831

Landell-Mills, P., & Serageldin, I. (1991). Governance and the External Factor. In *Proceedings of the World Bank Annual Conference on Development Economics*. https://doi.org/10.1093/wber/5.suppl_1.303

Leduc, G. G. (1969). The economic balance sheet of colonialism. *Journal of Contemporary History*, *4*(1), 37–50. https://doi.org/10.1177/002200946900400103

Leech, D., & Leech, R. (2009). Reforming IMF and World Bank governance: In search of simplicity, transparency and democratic legitimacy in the voting rules (Warwick Economic Research Papers No. 914). Retrieved from http://wrap.warwick.ac.uk/3555/.

Leftwich, A. (1993). Governance, democracy and development in the third world. *Third World Quarterly*, *14*(3), 605–624. https://doi.org/10.1080/01436599308420345

Levy, B. (2014). *Working with the grain: Integrating governance and growth in development strategies*. Oxford University Press. https://doi.org/10.1093/acprof:oso/9780199363803.001.0001

Lombo, M., Ntombela, S., Okem, A. E., & Bracking, S. (2016). A review of contested perspectives on climate change finance. *Developmental Studies*, *5*, 41. Retrieved from. https://www.researchgate.net/publication/308012019

Lundsgaarde, E., Dupuy, K., & Persson, A. (2018). Coordination challenges in climate finance. Retrieved from www.diis.dk.

Mackintosh, M., Mensha, K., Henry, L., & Rowson, M. (2008). Aid, restitution, and international fiscal redistribution in health care: Implications of health professionals' migration. In *Annual Conference of the Human Development and Capability Association*, New Delhi. *Journal of International Development*, *168*(10–13), 1–30. https://doi.org/10.1002/jid

Manuamorn, O. P., & Biesbroek, R. (2020). Do direct-access and indirect-access adaptation projects differ in their focus on local communities? A systematic analysis of 63 adaptation fund projects. *Regional Environmental Change*, *20*(4), 1–15. https://doi.org/10.1007/s10113-020-01716-4

Masullo, I., Larsen, G., Brown, L., & Dougherty-Choux, L. (2015). "Direct Access" to climate finance: Lessons learned by national institutions (November), 1–32. Retrieved from http://www.wri.org/sites/default/files/22DIRECT_ACCESS_TO_CLIMATE_FINANCE_LESSONS_LEARNED_BY_NATIONAL_INSTITUTIONS.pdf.

Mawdsley, E. (2018). The "southernisation" of development? *Asia Pacific Viewpoint*, *59*(2), 173–185.

McCourt, W., & Minogue, M. (2013). *The internationalization of public management*. Edward Elgar Publishing. https://doi.org/10.4337/9781781952757.00008

McGee, J., Phelan, L., & Wenta, J. (2014). Writing the fine print: Developing regional Insurance for Climate Change Adaptation in the Pacific. *Melbourne Journal of International Law*, *15*(2), 444–472.

Ministry of Environment and Forests, India. (2009). Supplemental submission by India: Why financial contributions to the financial mechanism of the UNFCCC cannot be under the paradigm of 'aid'. Bonn, Germany: UNFCCC. FCCC/AWGLCA/2009/MISC.1 Retrieved from https://unfccc.int/resource/docs/2009/awglca5/eng/misc01.pdf

Mkandawire, T. (2007). "Good governance": The itinerary of an idea. *Development in Practice*, *17*(4–5), 679–681. https://doi.org/10.1080/09614520701469997

Mkandawire, T. (2009). Institutional Monocropping and monotasking in Africa (Democracy, Governance, and Well-Being Programme No. 1). https://doi.org/10.1093/acprof:oso/9780199698561.003.0003

Moore, F. C. (2012). Negotiating adaptation: Norm selection and hybridization in international climate negotiations. *Global Environmental Politics*, *12*(4), 30–48. https://doi.org/10.1162/GLEP_a_00138

Moore, M., & Robinson, M. (1994). Can foreign aid be used to promote good government in developing countries? *Ethics & International Affairs*, *8*, 141–158. https://doi.org/10.1111/j.1747-7093.1994.tb00162.x

Müller, B. (2009). International adaptation finance: The need for an innovative and strategic approach. *IOP Conference Series: Earth and Environmental Science*, *6*, 1–43. https://doi.org/10.1088/1755-1307/6/11/112008

Müller, B., & Pizer, W. (2014). *Devolved Access Modalities: Lessons for the Green Climate Fund from existing practice*. Duke University.

Murray, L., Müller, B., & Gomez-Echeverri, L. (2015). *Enhanced Direct Access: A Brief History (2009–15)*. European Capacity Building Initiative.

Nakhooda, S., & Jha, V. (2014). *Getting it together: Institutional arrangments for coordination and stakeholder (October), 28*. Overseas Development Institute.

North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge University Press. https://doi.org/10.1017/cbo9780511808678

Nunnekamp, P. (1995). What donors mean by good governance: Heroic ends, limited means, and traditional dilemmas of development cooperation. *IDS Bulletin*, *26*(2), 9–16.

Omari-motsumi, K., Barnett, M., & Schalatek, L. (2019). *Background paper broken connections and systemic barriers: Overcoming the challenge of the 'missing middle' in adaptation finance*. Global Center on Adaptation.

Owusu, F. Y. (2012). Organizational culture and public sector reforms in a post-Washington consensus era: Lessons from Ghana's good reformers. *Progress in Development Studies*, *12*(2–3), 135–151. https://doi.org/10.1177/146499341101200304

Pelling, M., & Garschagen, M. (2019). Put equity first in climate adaptation. *Nature*, *569*, 1–9.

Persson, Å. (2011). *Institutionalising climate adaptation finance under the UNFCCC and beyond: Could an adaptation 'market' emerge? (No. 2011-03)*. Stockholm Environment Institute.

Persson, Å., & Atteridge, A. (2019). The role of finance for adaptation. In *Research handbook on climate change adaptation policy*. Edward Elgar Publishing.

Persson, Å., & Remling, E. (2014). Equity and efficiency in adaptation finance: Initial experiences of the adaptation fund. *Climate Policy*, *14*, 488–506. https://doi.org/10.1080/14693062.2013.879514

Pickering, J., & Barry, C. (2012). On the concept of climate debt: Its moral and political value. *Critical Review of International Social and Political Philosophy*, *15*(5), 667–685. https://doi.org/10.1080/13698230.2012.727311

Pickering, J., Skovgaard, J., Kim, S., Roberts, J. T., Rossati, D., Stadelmann, M., & Reich, H. (2015). Acting on climate finance pledges: Inter-agency dynamics and relationships with aid in contributor states. *World Development*, *68*(1), 149–162. https://doi.org/10.1016/j.worlddev.2014.10.033

Pogge, T. (2005). World poverty and human rights. *Ethics & International Affairs*, *19*(1), 1–7.

Pritchett, L., & Woolcock, M. (2004). Solutions when the solution is the problem: Arraying the disarray in development. *World Development*, *32*(2), 191–212. https://doi.org/10.1016/j.worlddev.2003.08.009

Pritchett, L., Woolcock, M., & Andrews, M. (2013). Looking like a state: Techniques of persistent failure in state capability for implementation. *Journal of Development Studies*, *49*(1), 1–18. https://doi.org/10.1080/00220388.2012.709614

Quijano, A. (2000). Coloniality of power and eurocentrism in Latin America. *International Sociology*, *15*(2), 215–232.

Repucci, S. (2012). Designing effective civil service reform: Lessons from past experience. *Public Administration and Development*, *10*, 1–10. https://doi.org/10.1002/pad

Roberts, J. T. (2009). The international dimension of climate justice and the need for international adaptation funding. *Environmental Justice*, *2*(4), 185–190. https://doi.org/10.1089/env.2009.0029

Rodrik, D. (2000). Institutions for high-quality growth: What they are and how to acquire them. *Studies in Comparative International Development*, *35*(3), 3–31. https://doi.org/10.1007/BF02699764

Rodrik, D., Subramanian, A., & Trebbi, F. (2004). Institutions rule: The primacy of institutions over geography and integration in economic development. *Journal of Economic Growth*, *9*, 131–165. https://doi.org/10.1023/B:JOEG.0000031425.72248.85

Sampson, S. (2010). The anti-corruption industry: From movement to institution. *Global Crime*, *11*(2), 261–278. https://doi.org/10.1080/17440571003669258

Samuel, B. (2014). Economic calculations, instability and (in)formalisation of the state in Mauritania, 2003-2011. *Canadian Journal of Development Studies*, *35*(1), 77–96. https://doi.org/10.1080/02255189.2014.877878

Savedoff, W. (2019). What Is "Country Ownership"? A Formal Exploration of the Aid Relationship (No. 519).

Schalatek, L. (2019). The principles and criteria of public climate finance—A normative framework (Climate Finance Fundamentals No. 1). Retrieved from https://cdn.odi.org/media/documents/11018.pdf.

Schalatek, L., Bird, N., & Brown, J. (2010). Where's the money? The status of climate finance post-Copenhagen. *Climate Finance Policy Brief No.1*, *1*, 1–10. Retrieved from. http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/5844.pdf

Schneider, J., & Schneider, P. (2003). Power projects. *Social Analysis: The International Journal of Social and Cultural Practice*, *47*(3), 136–140.

Scoville-Simonds, M. (2016). The governance of climate change adaptation finance—An overview and critique. *Revue Internationale de Politique de Développement*, *7*, 1–34. https://doi.org/10.4000/poldev.2243

Scoville-Simonds, M., Jamali, H., & Hufty, M. (2020). The hazards of mainstreaming: Climate change adaptation politics in three dimensions. *World Development*, *125*, 104683. https://doi.org/10.1016/j.worlddev.2019.104683

Seims, S. (2011). Improving the impact of sexual and reproductive health development assistance from the like-minded European donors. *Reproductive Health Matters*, *19*(38), 129–140. https://doi.org/10.1016/S0968-8080(11)38578-3

Sen, A. (1999). The possibility of social choice. *American Economic Association*, *89*(3), 349–378. https://doi.org/10.1257/aer.89.3.349

Sen, A. (2000). *Development as freedom*. Random House.

Skovgaard, J. (2017). Limiting costs or correcting market failures? Finance ministries and frame alignment in UN climate finance negotiations. *International Environmental Agreements: Politics, Law and Economics*, *17*(1), 89–106. https://doi.org/10.1007/s10784-016-9348-3

Smith, B., & Rai, N. (2014). *Will divisions in the board delay the Green Climate Fund?* International Institute for Environment and Development.

Soanes, M., Rai, N., Steele, P., Shakya, C., & Macgregor, J. (2017). Delivering real change: Getting international climate finance to the local level. Retrieved from https://pubs.iied.org/pdfs/10178IIED.pdf

Steenberg, R. (2021). Legitimate corruption: Ethics of bureaucracy and kinship in Central Asia. *Studies of Transition States and Societies*, *13*(1), 3–20.

Subramanian, A., & Roy, D. (2001). Who can explain the Mauritian Miracle: Meade, Romer, Sachs, or Rodrick (IMF Working Paper). Retrieved from https://www.imf.org/en/Publications/WP/Issues/2016/12/30/Who-Can-Explain-The-Mauritian-Miracle-Meade-Romer-Sachs-or-Rodrik-15215.

Tendler, J. (1997). *Good government in the tropics*. Johns Hopins University Press.

Thirkell-White, B. (2003). The IMF, good governance and middle-income countries. *European Journal of Development Research*, *15*(1), 99–125. https://doi.org/10.1080/09578810312331287395

Thomas, M. A. (2007). The governance bank. *International Affairs*, *83*(4), 729–745. https://doi.org/10.1111/j.1468-2346.2007.00649.x

UNFCCC. (2015). *Adoption of the Paris Agreement, Conference of the Parties on its twenty-first session §*. UNFCCC.

UNFCCC. (2021a). *Matters relating to Article 6 of the Paris Agreement*. UNFCCC.

UNFCCC. (2021b). UNFCCC Standing Committee on Finance Fourth (2020) Biennial Assessment and Overview of Climate Finance Flows, p. 216. Retrieved from https://unfccc.int/sites/default/files/resource/54307_1-UNFCCCBA2020-Report-V4.pdf.

Unsworth, S. (2009). What's politics got do with it?: Why donors find it so hard to come to terms with politics, and why this matters. *Journal of International Development*, *21*, 883–894. https://doi.org/10.1002/jid

Unsworth, S. (2010). An upside down view of governance. *Institute of Development Studies.*, *29*, 115–124. https://doi.org/10.1111/j.1467-7679.2011.00516.x

Unsworth, S. (2015). It's the politics! Can donors rise to the challenge? *A Governance Practitioner's Notebook*, *47*.

Update, C. F. (2022). Data dashboard. Retrieved from https://climatefundsupdate.org/data-dashboard/

Van de Walle, N. (2003). Presidentialism and clientelism in Africa's emerging party systems. *The Journal of Modern African Studies*, *41*(2), 297–321. https://doi.org/10.1017/S0022278X03004269

Vanheukelom, J., Migliorisi, S., Herrero, C. A., Keijzer, N., & Spierings, E. (2012). *Reporting on development: ODA and Financing for Development*. Organisation for Economic Co-operation and Development.

Vernon, R. (2003). Against Restitution. *Political Studies*, *51*(3), 542–557. https://doi.org/10.1111/1467-9248.00440

Watson, C., & Schalatek, L. (2020). The global climate finance architecture (Climate Finance Fundamentals No. 2). Retrieved from https://climatefundsupdate.org/wp-content/uploads/2020/03/CFF2-2019-ENG-DIGITAL.pdf.

Weber, M. (1946). Politics as vocation. In *Essays in Sociology*. Oxford University Press.

Weikmans, R., & Roberts, J. T. (2018). The international climate finance accounting muddle: Is there hope on the horizon? *Climate and Development*, *11*, 1–15. https://doi.org/10.1080/17565529.2017.1410087

Weiss, T. G. (2000). Governance, good governance, and global governance: Conceptual and actual challenges. *Third World Quarterly*, *21*(5), 795–814. https://doi.org/10.1080/713701075

Werner, C. (2000). Gifts, bribes, and development in post-soviet Kazakhstan. *Human Organization*, *59*(1), 11–22.

Wild, L., Booth, D., Cummings, C., Foresti, M., & Wales, J. (2015). *Adapting development: Improving services to the poor*. Overseas Development Institute.

Williams, D., & Young, T. (1994). Governance, the World Bank and Liberal theory. *Political Studies*, *42*(1), 84–100. https://doi.org/10.1111/j.1467-9248.1994.tb01675.x

Williamson, T., & Dom, C. (2010). *Sector budget support in practice*. Overseas Development Institute. Retrieved from. https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/5580.pdf

Winkler, H., & Muller, B. (2008). *One step forward, two steps back? The governance of the World Bank Climate Investment Funds*. Oxford Energy and Environment Comment.

Wright, J. (2008). To invest or insure? How authoritarian time horizons impact foreign aid effectiveness. *Comparative Political Studies*, *41*(7), 971–1000. https://doi.org/10.1177/0010414007308538

Yanguas, P., & Hulme, D. (2015). Barriers to political analysis in aid bureaucracies: From principle to practice in DFID and the World Bank. *World Development*, *74*, 209–219. https://doi.org/10.1016/j.worlddev.2015.05.009

How to cite this article: Browne, K. E. (2022). Rethinking governance in international climate finance: Structural change and alternative approaches. *WIREs Climate Change*, *13*(5), e795. https://doi.org/10.1002/wcc.795