

Abstract

The urgency of climate change has necessitated collective action to offer suitable local solutions to environmental challenges. This chapter examines the applicability of the frameworks of meta-organisations and clusters to facilitate climate action. The meta-organisations' inherent characteristics of loose structures, competing interests, and independent members may limit their ability to facilitate collective action. This challenge can be addressed if the meta-organisational structure is flexible enough to accommodate multiple sub-clusters following distinct 'cluster pathways'. This chapter exemplifies this proposition through the Green Climate Fund (GCF), a 'meta-organisation' with accredited intermediaries. Intermediaries in GCF help develop local implementation capability, limit local involvement by GCF, promote transparent funding distribution as well as accountability and transparency. We identify three types of clusters within GCF – Strategic, Thematic and Geographic – each with unique characteristics. Organisations combine participation in several clusters, developing their 'cluster pathways', which greatly influences their results. This chapter thus demonstrates how clusters build capabilities and networks through interactions within and across clusters, creating distinct pathways for action.

Keywords

Collective action, climate action, Green Climate Fund, meta-organisation, cluster, cluster pathway

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Meta-organisations and clusters in climate regimes

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Introduction

Tackling climate change is one of humanity's most pressing issues in the twenty-first century. Populations in developing countries that rely on sectors sensitive to climate change have been the ones most affected by rising temperatures, droughts, flooding, and extreme weather events (IPCC, 2014). The urgency for a coordinated global climate approach to limit global warming to below 2-degree Celsius, agreed under the 2015 Paris Agreement by 196 nations, has necessitated collective action from a range of public, private, civil, and community actors. These are expected to operate under a common climate regime and offer local solutions for their vulnerable populations. Understanding how different independent actors organise themselves and interact with others within a global effort is crucial to delivering appropriate climate action.

In order to study the independent activities of the global climate regime actors, this chapter applies the meta-organisation and clusters frameworks. The main objective of meta-organisations is to facilitate collective action through its members (Ahrne & Brunsson, 2005; Galati et al., 2013; Spillman, 2018). Moreover, the meta-organisational framework is conducive to the governance of sustainable innovation (Berkowitz, 2018). However, meta-organisations' inherent characteristics as 'autonomous actors with autonomous actors as members' (Ahrne et al., 2016, p. 7), especially in global regimes, can limit their ability to

drive collective action. Indeed, the meta-organisational challenges include loose organisation, competing interests, and members' independence as well as potential conflicts of interest among members, whose activities 'are also shaped by other structural factors and actors' (Chaudhury et al., 2016, p. 247). These factors limit meta-organisations' ability to manage a smooth transition based on unified objectives effectively.

This chapter argues that these challenges of collective action in meta-organisations can be alleviated if actors are organised in multiple clusters and sub-clusters within the meta-organisation. Traditionally, clusters are considered geographical agglomerations of organisations benefiting from proximity and continued social interactions to gain specialisation and competitive advantage over their non-cluster peers (McCann & Folta, 2011; Porter, 1998). Recent research goes beyond the geographic advantage and explores the evolution of clusters and how clusters renew and reconfigure relations over time to develop new configurations and pathways (Harris, 2021; MacKinnon et al., 2019). We build on Harris (2021) to study emerging organisational clusters in the global climate regime. We show that actors in global climate regimes participate in multiple clusters bringing together capabilities, structures, and networks needed for action. At the same time, their interactions are shaped by shared goals of the meta-organisation and the broad scope of the climate challenge. Each cluster has its unique objectives and characteristics – for example focus on particular climate change-related themes or geography. The clusters further interact with other clusters and create dynamic action pathways for the cluster organisations to follow. We capture this dynamic configuration through a novel concept of 'cluster pathway', which helps explain the different approaches by cluster organisations to climate action and the varying outcomes. While these are initially created to address the requirements of the meta-organisation, they evolve independently beyond the meta-organisation and, in turn, adopt unique cluster pathways influencing the project design and implementation.

This chapter uses the case of the Green Climate Fund (GCF) to study global climate action within a meta-organisational framework. GCF was conceived in 2010 and became operational in 2015 under Article 11 of the United Nations Framework Convention on Climate Change (UNFCCC). Its mandate is to finance the transition of developing countries

to low-carbon and climate-resilient pathways in alignment with the UN Paris Agreement goals. GCF is the largest dedicated public climate fund. It operates through intermediary organisations – accredited entities (AEs) – to finance climate projects in developing countries in line with their specific strategies ([Green Climate Fund, 2021](#)). The AEs in GCF are a deliberate introduction to develop local implementation capability, limit direct involvement by GCF in local activity, promote a transparent distribution of funding, and set up a mechanism of accountability and transparency. Currently, GCF has 113 AEs, including private or public, non-governmental, sub-national, national, regional, or international organisations. Each AE is an independent entity. They are very different from large multilateral development banks, national financial institutions, or local non-governmental organisations, with similar goals of accelerating climate action in developing countries.

Based on this financing operational model, we argue that GCF operates as a meta-organisation or an ‘organisation of organisations’ ([Ahme & Bransson, 2005](#); [Berkowitz & Dumez, 2016](#); [Gulati et al., 2012](#)) funding climate action through its constituent AE organisations. We further argue that the AEs, within the GCF meta-organisation structure and guidelines, operate as clusters of organisations ([Porter, 1998](#)) motivated by a common goal of transitioning developing countries to a sustainable low-carbon and climate-resilient pathway. Even though the AEs work towards a common transition goal under the GCF meta-organisation, we demonstrate that the GCF-funded projects are influenced by the different clusters the AEs are part of, leading to distinct development and implementation pathways. The ‘cluster pathway’ allows us to capture the differentiated approach and examine how GCF projects materialise across different geographies and through different actors. Early lessons from meta-organisation and ‘cluster pathway’ approach are beneficial for GCF, AEs, and developing countries to set up robust projects against the backdrop of constraints and opportunities that clusters offer, especially as GCF ramps up its financing in future.

Despite progress on the global climate science-policy dialogue, there is too little research on how clusters of climate finance organisations in a global system interact within a common meta-organisational framework and its implication for climate action. This chapter focuses on the ways that the AE organisations operate across multiple clusters and ‘translate’

and ‘do the work’ to support climate action locally. Specifically, it asks how the GCF-funded projects are impacted by the cluster pathway AEs follow. Viewing GCF as a meta-organisation allows for a systematic analysis of the structural features of the GCF meta-organisation and the AE clusters using established analytical methods. We offer fresh theoretical and methodological insights into how clusters operate and interact in global regimes to develop local solutions.

The rest of the chapter is organised as follows: first, we provide a theoretical frame for developing the novel ‘cluster pathway’ approach and its application in global regimes under the meta-organisation framework. It is followed by a brief overview of the methodology used and an analysis of the existing clusters operating under GCF in the global climate regime. It concludes with an exploration of the interactions between the clusters and the meta-organisation within the global climate regime. We contribute to the cluster and meta-organisation literature by demonstrating how actors develop capabilities and structures and networks, both through interactions within clusters and by building linkages across multiple clusters, creating distinct action pathways.

Theoretical background: meta-organisation and cluster pathways

This section provides the theoretical background for developing the cluster pathway approach under the meta-organisation frame applied to the GCF case. We posit meta-organisation and clusters as complementary lenses to view collective action in global climate change regimes. However, as discussed, meta-organisation’s loose organisation, competing interests, and independence of its members may not translate into effective local action ([Berkowitz & Dumez, 2016](#); [Chaudhury et al., 2016](#)). We demonstrate that a multi-actor and multi-level governance approach ([Cash et al., 2006](#)) encourages actors to organise themselves in multiple clusters and create ‘cluster pathways’, bringing together appropriate capabilities and networks to translate and operationalise shared goals of the meta-organisation. This approach is in line with research that has demonstrated the ability of the meta-organisational

framework to help align multiple geographically dispersed clusters around a common sustainability goal (see [Nadegger & Dobusch, this volume](#)).

Complexity is a major challenge for actors working in sustainability transition, and no single entity can enable this transition ([Chaudhury et al., 2017](#); [Ferraro et al., 2015](#)). Entities in this space have to operate beyond their organisational boundaries and capabilities and take an inter-organisational and network approach for collective action to interact with others that bring resources, knowledge, and skills for implementation ([Bodin & Crona, 2009](#); [Chaudhury et al., 2017](#); [Porac et al., 1995](#); [Powell et al., 1996](#); [Ritter & Gemünden, 2003](#); [Wasserman, 1994](#)). However, collective action at a global scale, especially in climate change, is complex because the many actors' interests, motivations, and capabilities require alignment ([Newell et al., 2012](#)). For example global funding for climate action is skewed towards mitigation because impacts can be measured as opposed to adaptation funding that is harder to measure but is demanded by developing countries ([Chaudhury, 2020](#)). Getting many actors to collaborate globally requires robust frameworks and incentives that are not always obvious.

Unlike networks that focus on the broader relations of organisations, clusters offer a more profound perspective for studying climate action through the collective activities of the organisations in a particular field. Michael E. Porter defines clusters as 'concentrations of interconnected companies and institutions in a particular field' ([Porter, 1998](#), p. 78). Traditional cluster studies focus on organisations operating in a particular geography or sector, such as the Silicon Valley ecosystem or the Detroit automobile sector. These bring different organisational actors together to create improved economic opportunity, benefit from economies of scale, and enable sectoral transformation and policy alignment ([McCann & Folia, 2011](#); [Porter, 1998](#)). Many of these traditional clusters operate locally and benefit from the proximity of other organisations. With global climate regimes, we see the emergence of a novel cluster of organisations that interact under a commonly agreed agenda set by the meta-organisations and implement climate activities locally ([Chaudhury et al., 2016](#)). These organisations bring resources, knowledge, and skills for local climate action. However, they are not viewed as a cluster under traditional definitions because they operate in different geographies to meet global goals and national priorities.

Clusters, however, overtime can become specialised such that knowledge and networks become homogenous, which inhibits innovation and transformation (Menzel & Fornahl, 2009) required to tackle the climate challenge. The literature highlights the dynamic nature of clusters and their ability to renew and evolve to meet their objectives (Menzel & Fornahl, 2009). Moreover, through collective action and policy-led initiatives from the meta-organisations, clusters can create new or renew existing pathways (Martin & Martin, 2017; Möller & Trippel, 2017). Path creation and new path development concept (Hassink et al., 2019) is defined as the ‘emergence of new industries and economic activities in regions’ (MacKinnon et al., 2019, p. 114). Harris (2021, p. 437) further introduces the concept of cluster institutional configuration, ‘defined as the combination of shared goals, behaviours and relations between cluster actors involved in a cluster [to understand how] actors drive clusters through their evolutionary trajectories’ (Harris, 2021, p. 437). He argues that clusters do not emerge by random chance but from actors’ agency. We build on the path development and cluster institutional configurations concepts to trace the role of clusters in climate regimes. However, we argue that because of the urgency of the climate challenge and the need for diverse capabilities, organisations build heterogeneous clusters through the evolution or renewal of clusters and participation in different clusters. We label this configuration as ‘cluster pathway’ – that is the participation of actors in multiple clusters to develop necessary capabilities and networks for climate action, shaped by the meta-organisation they are part of. Once established, these cluster pathways can influence climate action beyond the meta-organisation. However, this can also create tensions with the meta-organisation. We see clusters as overlapping and interconnected through a complex system of actors, structures, and networks. These clusters are also dynamic as new actors join, populations of organisations change, and power relations shift. Understanding this dynamic configuration of actors, spread across many clusters, is important to reveal how climate action diffuses locally and the variations to project design and implementation that occur.

Figure 12.1 shows our conception of the cluster pathway under the meta-organisation. The clusters and sub-clusters A (1,2), B (1,2), and C (1,2) emerge to comply with the meta-organisation’s governance and operational requirements. Actors participate in multiple

clusters to develop the appropriate capabilities, structures, and networks for action. We exemplify this with three cluster pathways, although there can be several permutations of pathways. In cluster pathway 1, actors are part of sub-clusters A1, B2, and C2, which are different from cluster pathway 2 represented through sub-clusters A2, B1, and C1. Each cluster has its individual properties and dynamics that, when combined with other clusters, give rise to distinct pathway characteristics that are important for actors to recognise and navigate for successful outcomes. Actors can also switch to other clusters to meet the meta-organisation's requirements. New clusters can form, and others may become redundant, which adds to the complexity of the pathway. Tracing and analysing cluster pathways are essential for effective outcomes and learning.

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Figure 12.1 Cluster pathway under the meta-organisation

(Source: authors)

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We thus view GCF as a meta-organisation and AEs and other entities that are part of its ecosystem as clusters that operate in distinct cluster pathways but are united by a global climate agenda. This view offers fresh insights into how GCF and AEs support countries' transitions to low-carbon and resilient pathways under the GCF meta-organisation. AEs sit between GCF and nation-states to deliver climate action. To bring the right organisational capabilities and networks to tackle the climate challenge, AEs form part of multiple clusters based on the organisational form, climate themes, and geographies in which they operate. This creates distinct 'cluster pathways' to reconcile the stringent and multiple requirements of GCF and the needs of the nation-states they serve. While the clusters originate from GCF, the pathways are curated by the AEs beyond the GCF meta-organisation to meet the funding and project requirements. These cluster pathways may benefit some AEs over others resulting in varying quality of approach and outcomes. For example international AEs can leverage funding actors in their networks without benefiting other cluster AEs. Also, the clusters are not static: new actors can join on the invitation of the AEs, or more AEs can be added by

GCF. These dynamics can change the characteristics of the clusters and open new pathways or make existing ones redundant. The following section applies the cluster pathway framework to our GCF case study.

Case study: green climate fund

GCF was set up as an independent public body to fund climate action in developing countries through financial resources provided by industrialised countries to compensate for their historical emissions. It takes a country ownership approach by requesting projects from countries to be presented through the AEs and building local implementation capacity. In reality, GCF acts as a meta-organisation and exerts significant influence over the AEs. It sets detailed guidelines and rules for deciding which entities are accredited and can access funding, the themes eligible for funding, the types of projects preferred, the geographies where projects are prioritised, and the financial structures through which funding is offered. GCF's stringent accreditation and funding rules cascade to the AEs, shaping their operation and project design. As of 15 November 2021, GCF had approved 190 projects with a direct funding outlay of USD 10.1 billion.

The GCF ecosystem goes beyond direct AE intermediaries. Following the country ownership principle, GCF requests each country seeking funding to develop a climate strategy in which local priorities, including sectors and projects, are highlighted. Moreover, every new GCF project must be approved by the National Designated Authority (NDA), the focal public entity in the country for GCF. To complement their capabilities, AEs can engage other executing entities (project developers, consultants, advisers, experts) in the design, planning, and implementation of the projects. [Figure 12.2](#) depicts a simplified GCF funding approval process, demonstrating how these different organisations operate and interact under the GCF meta-organisation.

Additional entities can be part of the GCF meta-organisation. For instance these entities can be non-governmental and grassroots organisations advocating for specific climate priorities; local authorities having differing agendas from national ones; consulting

companies filling the information gaps on climate impacts and scientific data; and specialised service providers providing reports with high-level detail, as demanded by GCF.

Organisations involved in creating GCF projects sometimes do not interact with GCF directly; however, multiple interactions happen among entities, such as discussions about the local priorities the government wants to advance. At the same time, NDAs are also directly influenced by GCF through the creation of a list of priority areas for investment. This structure not only yields significant control to AEs to influence local activities but also is a source of many challenges and debates.

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Figure 12.2 Simplified GCF funding approval process

(Source: adapted from GCF operational model)

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Methods

This chapter applies a mixed-methods approach of qualitative and quantitative analysis (King et al., 1994; Silverman, 2013). The qualitative element comprised over 40 semi-structured interviews of approximately 60 minutes each with AEs, GCF team members, NDAs, and other executing entities supporting the project. These entities are based globally across Asia, Africa, Europe, North America, Latin America, and Australasia. Several expert interviews were also conducted with project developers outside the GCF ecosystem. The interviews focused on the motivation and activities of the AEs in GCF-funded project development and execution, their relation and interactions with GCF and other AEs, the influence of GCF on their operations, and their interactions with other organisations. Similarly, interviews with GCF team members looked at the role and relationship of GCF with AEs and their influence on these organisations. The interviews were supplemented with data from a detailed review of funded project proposals, GCF reports and guides, and published and grey literature on GCF and climate finance.

Analysis and discussion

Clusters in GCF meta-organisation

Based on the data from our interviews and literature review, within the GCF climate funding landscape, we see the emergence of three distinct clusters that we label as strategic, thematic, and geographic (see [Table 12.1](#)). These clusters shape and influence how projects are designed, funded, and implemented. Although AEs have a significant responsibility in these clusters, they are not the only actors forming them. AEs operate within the narrow sphere of the GCF meta-organisation influence and are the point of contact bringing these guidelines towards other cluster participants. These clusters, in return, can yield significant independent and collective power to shape climate activities globally and locally. These clusters are further explored with examples in this section.

While AEs may not formally identify themselves as being part of a specific cluster, their role and activities are cluster-based. Every AE, executing entity, and NDA within the GCF meta-organisation is part of one or more strategic, thematic, and geographic clusters – it will then interact within and through clusters to shape the final version of the GCF project it is involved with. Viewing these as clusters offers important insights into their collective influence and action. We discuss the different types of clusters and their interactions here.

Table 12.1 Comparison of clusters within GCF meta-organisation

	Strategic cluster	Thematic cluster	Geographic cluster
<i>Sub-clusters</i>	Direct access entities International access entities	Adaptation Mitigation Both	Priority regions (Small Island, Least Developed, and African states) Other developing countries

<i>Member Organisations</i>	Accredited entities, national designated authority, executing entities, consultants other project organisations	Accredited entities, thematic experts, thematic networks, academics	Accredited entities, national governments, national entities, interest groups, experts
<i>Governing Structure</i>	GCF Meta-organisation	Global climate regime	UN system, nation-states

Strategic cluster

Presently, GCF has 113 AEs comprising a broad cluster of private, public, non-governmental, sub-national, national, regional, and international bodies and range from large global financial institutions, multilateral organisations, government ministries, private banks to local NGOs, each bringing its own set of organisational expertise, operational structure, and networks for developing and implementing climate projects. At a strategic level, the AEs operate in two distinct clusters – 71 direct access entities (DAEs) and 42 international access entities (IAEs) based on their activities’ organisational setup and geographical scope. The DAEs are sub-national, national, or regional organisations nominated by the country’s NDAs and operating within a specific national geography or region. The IAEs represent United Nations agencies, global multilateral, bilateral, international financial institutions, and international NGOs that bring a wide range of global expertise and co-financing opportunities for projects that cross borders and thematic areas. The strategic cluster also includes multiple organisations invited by the AEs to participate in GCF-funded projects. The AEs curate this cluster, notably comprising consultants (for project development support), NDA (for project no-objection), executing entities (for project implementation), financial institutions (for co-financing opportunities), research institutions (for project analysis), civil society organisations (for on-ground project support), and other organisations (for allied support). AEs may take up all or some roles, with many working with multiple organisations in the GCF project cycle.

AEs in each cluster confront similar operational challenges. The DAEs, for instance, need to be nominated by developing country NDAs and have to work closely with national

governments and local communities to develop projects. The IAEs, with their global scope and expertise, work across multiple geographies and themes, bring external resources to supplement the GCF funding, and have more technical capacity, on average, to propose more complex projects. The IAEs also collaborate and bring knowledge beyond the GCF sphere to support climate action, making them an attractive option for GCF to fund. For example the International Development Finance Club (IDFC), a group of 26 organisations, joined forces to implement the Paris Agreement agendas. Out of the 26 members, 10 are GCF's AEs. The DAEs, on the other hand, with their localised focus, lack such concrete collaboration and learning opportunities, although some are part of south-to-south and other local networks. It is interesting to note that, theoretically, part of the mandate of GCF's IAEs is to help increase the capacity of DAEs – which would suggest that stronger bonds between these two types of clusters need to be created. Nevertheless, based on interviews, it can be inferred that greater collaboration occurs within groups than between them. This finding reinforces the idea that, although these clusters are not geographic, significant commonalities generated by GCF's agenda-setting power create a cluster dynamic within them.

Thematic cluster

The AEs operate across two key thematic climate clusters of mitigation (reducing emissions) and adaptation (increasing resilience). Some AEs operate on both cross-cutting themes of mitigation and adaptation. Of the total approved funding, 14 per cent is dedicated to adaptation, 57 per cent to mitigation, and 29 per cent to cross-cutting projects. The GCF prioritises eight specific action themes (four each under mitigation and adaptation clusters): Mitigation – 1) energy generation and access; 2) transport; 3) buildings, cities, industries, and appliances; and 4) forest and land use. Adaptation – 1) health, food, and water security; 2) infrastructure and built environment; 3) livelihoods of people and communities; and 4) ecosystems and ecosystem services. It sets specific rules and guidelines for the thematic clusters. For mitigation, the focus is on CO₂ emissions reduction, and for adaptation, it is the number of lives benefited. Both the DAE and IAE clusters develop projects under these thematic clusters. However, expertise among the thematic mitigation and adaptation clusters is uneven. Mitigation with its global appeal in developed economies and a tangible metric of CO₂ equivalent have attracted significantly more private investment than adaptation

(Chaudhury, 2020; CPI, 2019), which is also the case within GCF, despite the commitment to an equal funding split between the two themes. The IAE cluster brings significant external investments and expertise to mitigation, while adaptation efforts remain challenging for both clusters due to a lack of acceptable metrics. AEs within these clusters also interact in theme-based activities. For example separate thematic conferences are held for mitigation and adaptation, where AEs participate in a specific theme, with some overlapping participation by IAEs with their cross-cutting interests and capabilities.

Interestingly, an AE's focus on the thematic cluster (mitigation or adaptation) is usually associated with the work that the AE focused on prior to creating GCF. Naturally, organisations that focus on generating renewable energy, for example, are more comfortable pursuing projects that can be classified as mitigation-only projects. On the other hand, organisations that focus on biodiversity conservation have historically promoted greater engagement of local populations in remote regions and tend to have a more adaptation-focused approach. This difference creates siloed expertise with limited opportunities for engagement across thematic clusters. The difficulty of accurately measuring the impact of adaptation-focused projects has also been a significant limitation for more AEs receiving funds for these.

Geographic cluster

Along with the focus on the thematic clusters, AEs develop projects in geographic clusters prioritised by GCF to support the most vulnerable countries under the guidance of the Paris Agreement. These prioritised geographic clusters comprise the Least Developed Countries (LDC), Small Island Developing States (SIDS), and the African States. GCF has committed to spending 50 per cent of the total adaptation funding for projects in these three geographic clusters. Countries within each geographic cluster share common climatic challenges, such as rising sea levels in the SIDs or high poverty rates in LDCs. Their populations have a low capacity to adapt to the growing threats of climate change (Adger et al., 2004). AEs within the three geographic clusters interact beyond the GCF domain and have active representation at international negotiations to generate a collective demand for action. Accordingly, the AEs

actively develop projects in these prioritised geographic clusters and benefit from simplified approval procedures and enhanced support in accessing financial resources dedicated by GCF.

Cluster pathways: how do cluster characteristics shape projects?

The AE is part of each GCF project's strategic, thematic, and geographic cluster. Each cluster with its distinct characteristics and priorities shapes how the project is conceived, funded, organised, and implemented, which creates a distinct cluster pathway. Its characteristics are, in turn, shaped by those of the individual clusters. Evaluating projects without considering the influence of the different clusters on the project would offer an incomplete picture. For example a DAE may develop an adaptation project for an LDC country, working with the NDA and other ministries, distinct from an IAE developing an adaptation project in SIDS co-financed by its resources. As a result, AE projects progressing through different cluster pathways are influenced by the strength of the strategic AEs, participation of other organisations, debates around thematic goals for climate action, and priorities within geographic clusters. Further, the same AE can be part of a different cluster pathway – for instance if it moves from an adaptation to a mitigation project in a different country. This difference in cluster pathways can be instrumental in how the project progresses.

[Figure 12.3](#) highlights the process through which projects are created and how different clusters influence the project characteristics. It illustrates four different projects led by AEs that follow standard GCF investment guidelines and are shaped by national contexts, as represented by the two grey columns on each side of the figure. Despite a common global agenda, the intrinsic characteristics of the cluster pathway, however, influence the project's final design. Every AE belongs to three dimensions of clusters: Strategic, Thematic, and Geographic. Take, for example, AE 1 in [Figure 12.3](#). That AE is an IAE (light blue semi-circle), focused on adaption (grey semi-circle) and operating in a priority region (yellow semi-circle). These characteristics will influence the final shape of Project 1. The four

projects have different shapes and colours to represent the variations in final projects generated by the influences of the clusters to that an AE belongs. We can analyse the thematic cluster differences to understand better how final projects may differ. If an AE specialises in mitigation or only has the capabilities to create such projects, it is unlikely to get involved with adaptation, even where this is the country's priority.

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Figure 12.3 How the clusters that AEs belong to influence their project design

(Source: authors' own)

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The same idea can be reflected from another point of view. Each organisation that is part of GCF's ecosystem will be a part of different clusters. The way these organisations interact inside each cluster and with the adjacent clusters will impact the final project design and outcomes.

Discussion

The analysis of the GCF meta-organisation and the cluster pathways offers insights into the influence of GCF on the AEs and the cascading impact on the role of AEs in facilitating climate action in developing countries. Simultaneously, analysing AEs positioning in the three clusters – strategic, thematic, and geographic – offers a deeper understanding of its capabilities and networks, and, consequently, project design, implementation pathways, as well as the unique opportunities and challenges these bring to the project cycles.

How cluster pathways and meta-organisation can shed light on the creation of impactful climate projects

GCF is an organisation that, from its inception, was structured as a meta-organisation.

Although it attempts to influence the complex web of organisations it is connected to, GCF

has a limited say in the types of projects created by the AEs. Under the country ownership principle, countries' projects are driven by their priorities and needs. Naturally, different priorities between GCF and other actors in its network may lead to conflicts of interest and less efficient outcomes than would otherwise be desirable.

The concept of cluster pathways helps us understand why specific sectors or geographies still do not have projects financed by GCF. It can also help GCF and other organisations committed to combating climate change understand where and what capabilities are needed and the capacity-building activities that must be developed to unlock additional investment and engagement. From this perspective, cluster pathways use GCF as a micro-representation of the broader global climate debate and offer insight into how to increase institutional mobilisation in the fight against climate change.

A case for diversity

Climate change is a complex issue that requires coordinated action on a global scale. No single organisation is capable of managing everything. Creating a meta-organisation offers an important path to catalyse action by bringing disparate actors under a common umbrella. As climate action is initiated and delivered by AEs in countries, if all AEs are similar or have similar capabilities, then the power of the meta-organisation and its clusters decreases significantly.

The more GCF is capable of attracting organisations that belong to different clusters, the larger the pool of capabilities it will be able to leverage when funding new projects. Furthermore, it is more likely that existing organisations will have the needed tools to address local issues. A better understanding of clusters' functioning makes it possible to understand which other types of organisations need to be recruited by GCF as AEs or whether new clusters are needed. It also offers insight into which organisations may be better positioned to either directly implement a specific type of project or support other organisations trying to do so. For example virtually all adaptation projects are being implemented by non-private organisations (either governments, multilateral organisations, or NGOs). Although this is

partially attributable to technical barriers and the difficulty of measuring the impact of adaptation projects, it also shows which types of entities are missing from GCF's network and where links should be established in the existing cluster organisation. Ultimately, new strong heterogeneous clusters can emerge with the right capabilities and networks to meet the climate agenda. Helping to bring capacity to players with other characteristics will strengthen GCF's network as a whole.

Improving cooperation and networks

We observed significant cooperation within clusters but not across them through our research. For instance several DAEs reported seeking support from other DAEs in the accreditation process. However, there was no formal mechanism for such information sharing, leading to repetition of the same difficulties experienced by others with accreditation. Most AEs reported that GCF does not formally seek and capture the learning opportunities for AEs.

On the other hand, many IAEs reported frequent collaboration with other IAEs outside the GCF regime. These collaborations allowed them to support other international organisations seeking accreditation, bring more robust expertise in project design, develop strong proposals through shared learning, and use their co-financing strength to attract GCF funding. All these elements have resulted in IAEs securing over 80 per cent of the total GCF funding, despite being 37 per cent of the total. Just 4 IAEs have more projects than all the combined projects of 71 DAEs. What has been less clear, although equally relevant, is how the interactions between the two strategic clusters (DAEs vs IAEs) are taking place. Organically, little collaboration has emerged from these groups, with more intra-group collaboration and capacity-strengthening taking place inside each group.

Although GCF has tried to promote cooperation, it is important to foster other types of informal mechanisms to enhance collaboration. By applying the tool of cluster pathways to GCF, it is possible to identify the overlaps between clusters to find new ways of bolstering capabilities and cooperation. For example this could be done by identifying which DAEs and

IAEs are working exclusively on adaptation issues in specific geographies and then encouraging them to co-apply. Using these curated networks to foster collaboration could accelerate the pace at which AEs acquire knowledge and develop stronger projects in geographies that need it most.

Finally, using the existing cluster network to disseminate knowledge, best practices, and lessons learned can also help equip AEs to implement more projects with the greatest impact. Leveraging these sub-networks, such as the International Development Finance Club in the case of IAEs, can help coordinate action towards common goals without demanding that GCF becomes even more stringent with its requirements. Taking GCF from the centre of the cluster network and viewing it as one of the node's could lessen the additional bureaucracy to get projects off the ground. It is also important to strengthen information sharing among existing clusters instead of information flowing through the GCF meta-organisation.

Conclusion

GCF was created as an entity with a meta-organisation model in mind. Its focus on increasing country ownership and fostering local capacities has shaped the model towards giving significant responsibilities to AEs. By doing so, GCF has generated incentives to create non-geographic clusters. These clusters are not solely made of AEs but comprise a broad set of organisations involved in approving and implementing GCF projects. These clusters, in return, create dynamic pathways to build capabilities that are now strongly influencing project design and implementation.

Through semi-structured interview research, we concluded that three types of clusters emerged within the GCF entities ecosystems – strategic, thematic, and geographic. Entities in the strategic cluster can be divided between DAEs and IAEs, based on the institution's focus (local or global). In this case, it was possible to observe significant cooperation within clusters but little collaboration between them – although this is one of GCF's key objectives. Entities in the thematic clusters focus on adaptation, mitigation, or both types of projects.

Difficulties measuring causality and lack of information have hindered additional private sector engagement with adaptation projects and limited GCF disbursements in this area. Finally, organisations in the geographic clusters tend to cooperate closely to bring additional attention to the specific requirements in those regions. However, local barriers have limited more exponential investments and transformational projects locally.

This chapter shows that the interactions within and between clusters in GCF shape capabilities and networks and, in turn, strongly influence project design. The ‘cluster pathway’ approach offers fresh insight into how the global ecosystem is maturing in the fight against climate change through clusters shaped by the meta-organisation. It highlights the need to rigorously study clusters in global regimes and the type of informal networks that can be leveraged to accelerate the transition to a low-carbon and climate-resilient economy.

Finally, this chapter contributes to the broader literature of clusters and meta-organisations. It does so by demonstrating that some of the weaknesses of meta-organisations in organising collective action can potentially be overcome by adding additional flexibility to the system. Allowing member organisations to self-organise into sub-clusters around their common goals and follow their unique pathways to developing more impactful projects can allow natural sub-networks to emerge. This contribution may help fill some of the gaps left by the loose structures and conflicting interests in meta-organisations.

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