

OUTREACH

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FORGETCANCUN:

**WHAT WE NEED ARE
UNREASONABLE CEOs
BY GEOFF LYE**

IN THE FOOTSTEPS OF THE GLOBAL FUND:

**HOW TO ESTABLISH THE
NEW CLIMATE FUND
BY BENITO MULLER AND SVEN HARMELING**

In the Footsteps of the Global Fund:

How to establish the new climate fund

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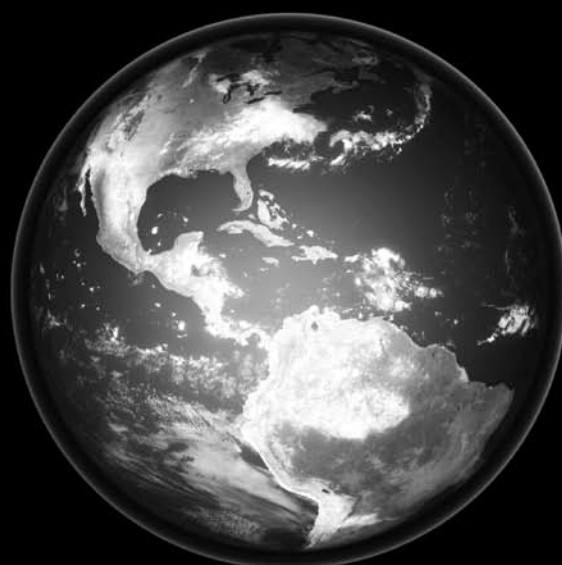


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While consensus on establishing a new multilateral Global Climate Fund is emerging, there are a number of as yet unresolved issues concerning how this should be done.

AT the heart of the debate in Cancun is the question: who should draft the documents required for operationalising such a fund? Any answer to this has to address a number of issues, including the required technical expertise and the appropriate input by the COP to ensure sufficient support for the outcome.

Drafting the governing documents for a multilateral fund is not 'rocket science', it is not something that has never been done before. On the contrary, there are many examples of such documents from existing funds inside and outside the climate regime, and the relevant key expertise has to be a knowledge not only of what is there, but of what has proven to work well, and what may need to be improved or avoided.

This sort of knowledge is unlikely to be confined to governments and their agencies and ministries, let alone to a single ministry, which is why it is important that the drafting group in question be multidisciplinary and multi-sectoral. It is, in other words, essential that any drafting process be able to attract the relevant expertise from all sectors and disciplines – as happened in the process

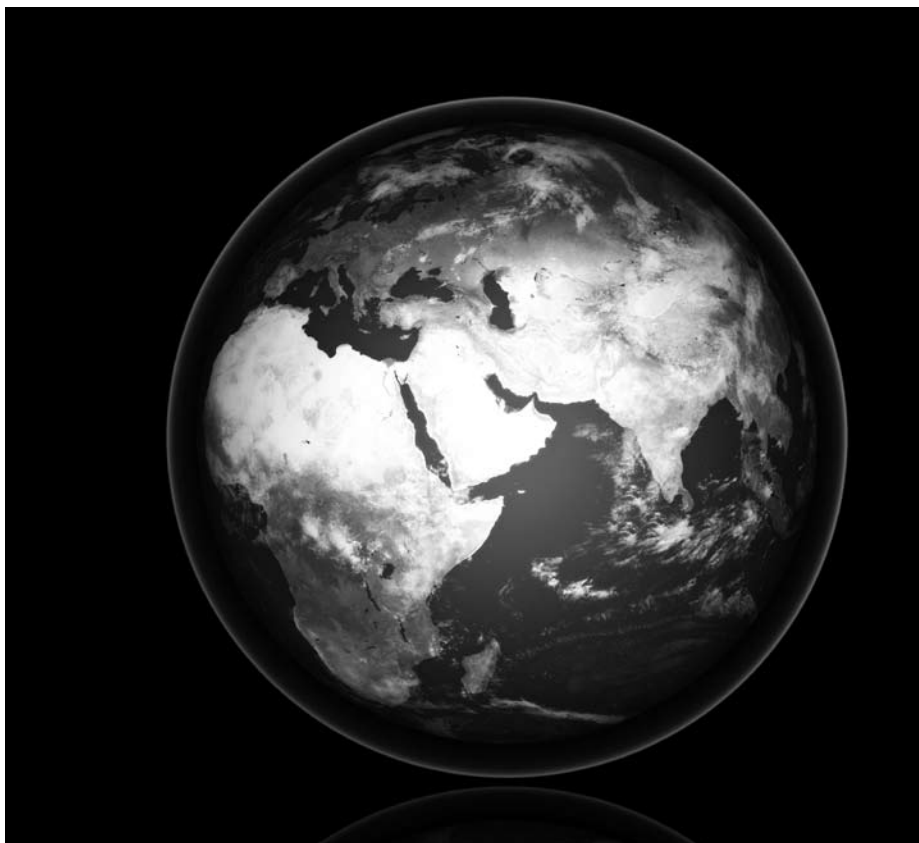
of establishing the Global Fund (GF) to fight AIDS, Tuberculosis and Malaria. That process was indeed remarkable, not least as it took a mere six months to complete its task.

The high-level decision to set up the GF was taken in the UN General Assembly Special Session on HIV/AIDS in June 2001 – without however tasking anyone to take action. In order not to lose the momentum, the then UN Secretary General Kofi Annan and staff in the European Commission convinced some key countries to take the GF idea forward.

This resulted in the commitment by the G8 in July 2001 to pledge a significant amount of start-up funding for the fund and push for its rapid operationalisation. Two consultation meetings of this group of 'partners' led to the establishment of a 40 member Transitional Working Group (TWG) to develop basic guidelines for the fund's operation, including its legal status, management structure, financial systems and general eligibility criteria. The timeline was ambitious: the group was to finish operationalisation by December 2001, only six months later after the UN GA Special Session.

The success of the TWG was in no small measure due to the following elements:

- **A multidisciplinary composition** with members not only from different government bodies, but also from international organisations, civil society, private sector and foundations engaged in the health debate.
- Support by a **Technical Support Secretariat**, working exclusively for the TWG and responsible for drafting/commissioning discussion papers, for coordination of TWG comments on papers and for providing administrative support for consultations.
- Broad and early **stakeholder consultations**, including regional meetings with governments as well as consultation meetings with specific stakeholder constituencies (such as civil society, private sector, academia).
- Establishment of specific **drafting groups**, such as on fiduciary management, governance, which carried on the work of the TWG between its meetings.



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Would the TWG model work for establishing a new climate fund? Some of its aspects, such as the ones listed above are clearly worth emulating. Others, however, are unlikely to work.

sitional Expert Panel (TEP) that include the positive elements of the TWG model, but also specify the TEP composition and rules for convening. More specifically, we believe such a TEP should include a balanced and equitable representation from

More specifically, we believe such a TEP should include a balanced and equitable representation from the COP, expanded by representatives of non-government sectors.

The crucial difference between the GF and the new Global Climate Fund, as debated in Cancun, lies in the fact that the latter is to implement the UNFCCC and, as such, to be guided by, and accountable to its Conference of Parties (COP). Given this, it is highly unlikely that the lack of transparency in the formation of the TWG and the general dominance of contributors on it would lead to the buy-in by the COP required for an acceptance of the outcome (be that as regards to approving the documents, or establishing an MOU). In short, the TWG model could only work in establishing the new Global Climate Fund if it is set up in a transparent and representative manner, not determined by any Party or individual, no matter how well intended.

We believe that this can be done by the COP adopting Terms of Reference (TOR) for a multi-sectoral, multidisciplinary **Tran-**

the COP, expanded by representatives of non-government sectors (e.g. from private sector, multilateral development banks, civil society, academia). Of course, all panellists should have the necessary skills and experience as laid down in the TOR.

As to the contentious issue of who should be leading such an operationalisation, we believe the best way to proceed would be for the COP to request the UN Secretary General to convene such a TEP (in accordance to the procedures set out in the TOR!) and that the role of TEP Chair be given to a prominent, politically independent person such as Kofi Annan, who through his engagement in establishing the GF would be eminently suited for such this task.

The task of this TEP would be to prepare a governing instrument and other documents

needed to establish the fund, including rules on procedure, strategic priorities, policies and guidelines, direct access, legal arrangements and a process to elect the fund board. With the approval of these documents, the new Global Climate Fund could be established at the next Session of the COP in Durban, South Africa in December 2011, provided the full lesson of the GF is taken on board: **the urgency to establish a fund is proportional to the funds committed!**

In other words, the process of establishing the founding documents of the new Global Climate Fund is unlikely to lead to an acceptable outcome at Durban in the absence of identified sources of funding for it. There is very little appetite in the developing world for establishing yet another placebo fund." •