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Learning from the Global Fund

One may well wonder, what could the climate change debate possibly learn from other fields? ECO looked around a bit and discovered some interesting things about the Global Fund to Fight AIDS, Tuberculosis and Malaria.

The recent replenishment meeting of the Global Fund ended earlier this week in New York. And despite the lingering recession in many parts of the world economy, the respective contributions resulted in pledges of $11.7 billion over the next three years, an increase of 20% compared to 2008-2010. That is good news and shows that the international community is still able to take action when urgent global challenges have to be addressed.

Of particular note for the climate debate is that the Global Fund is the pioneer in direct access. Donors seem to trust its approach, which so far has financed programmes in 140 countries. The United States is #1 among donors and has pledged $4 billion for the next period.

Furthermore, the Global Fund has some innovative institutional features which ECO thinks should be considered in the setup of the new climate fund.

First, the Fund itself is an administratively autonomous international financing institution, with its own Secretariat based in Geneva. The only formal link to an existing institution is that the World Bank serves as Trustee. The Global Fund was set up very quickly, with the Secretariat being established six months after the principal decision to establish the Fund, and the first grants were approved three months later.

On the national level, multi-stakeholder country coordinating mechanisms are the key players. These include the government and stakeholders such as NGOs, scientists and the private sector. This is an instructive example given the diverse responses that climate change will require on all levels of society in developing countries.

On the international level, the Fund is steered by a board composed of 20 voting members – 14 from governments/regional organisations and one each for the private sector, private foundations, developing country NGO, developed country NGO, and a representative from local communities. Representatives from international organisations are members of the Board without voting rights. It is a global partnership to address a true global challenge.

Of course, the climate fund can't just be a copy of the Global Fund. For one thing, the scale of climate resources must very soon be significantly higher than the $3 billion a year in the Global Fund budget.

In order to fully prepare for the future, one must learn from the past. For instance, the US proposal, supported to some degree by other countries, that would set up the climate fund as a kind of reinvention of the GEF, does not do so. Instead, the future climate architecture should take note of lessons like those offered by the Global Fund.

Turning Opportunities Into Problems

The REDD+ Partnership has spent hours and days agonising on whether and how to involve stakeholders in the decision on how they should participate in the Partnership's deliberations. This has proved far more controversial than one would expect in a voluntary partnership.

Originally an item to be discussed and resolved last Saturday and Sunday in meetings prior to the current UNFCCC session, under the inept chairing of Papua New Guinea and Japan this issue was held over to Monday and yet again to Tuesday.

Then, despite the fact that almost every partner in the room wanted to resolve the stakeholder participation question first, the co-chairs fell back on the excuse that the Partnership must operate by consensus, side-stepped the issue and pressed forward to other matters.

ECO has been observing this unfolding drama with fascination and growing alarm, and has a simple point to make. Consensus is not the same as unanimity. It doesn't mean that everyone has to agree fully with everything; it means reaching a decision that everyone can live with. Under that definition there was a working consensus in the room, as indicated in statements by well more than a dozen partners, all voicing similar opinions on moving the agenda.

Many in civil society use the principle of consensus all the time and know how to do this stuff, just as with participation and consultation and representation and empowerment and capacity building and a whole host of other things that REDD needs. To which is added substantive expertise from decades of experience working on forest and land use issues.

Civil society can be, and wants to be, an asset in the REDD+ Partnership process. Why are the co-chairs treating that as a problem not an opportunity?

– 350.org/Anna Collins

350.org sponsored the Great Power Race in Tianjin, with contestants shown here from the US, China and India. In the race to a low-carbon economy, everyone can be a winner!

The Next Time the Water Rises

The El Nino/La Nina-related monsoon floods that have devastated Pakistan since July highlight the fast growing need for an international risk transfer mechanism for weather-related events.

With the sheer size and protracted duration of the disaster, as well as donor fatigue, disaster response funding has fallen far short of the mark in Pakistan's time of need. UN Secretary General Ban Ki Moon bemoaned the fact that too little aid is coming too late to help the estimated 21 million homeless and flood-affected people of Pakistan.

How could an international insurance mechanism within the UNFCCC process help in case of such events? The first step is to link serious risk reduction measures to wider climate risk management strategies.

The second is to ensure that an international insurance approach, supported by the international community, catalyses adaptation and risk management in countries facing rising climatological risks. The benefits should include incentives focused on risk reduction, and advance planning for adequate financial resources when and where they are needed.

Experience has shown that insurance mechanisms can make payouts rapidly. In the Caribbean, CCRIF insurance payouts were the first to reach Haiti after the calamitous earthquake – a month before humanitarian donations began flowing.

One challenge is the difficulty of guaranteeing that insurance payouts will be used effectively and appropriately by participating governments. One way to address this concern is to establish national climate change funds to serve as the recipient of international insurance payments. Bangladesh has such a fund, governed by a multistakeholder committee (rather than a government ministry). In this approach, payment distribution modalities can be devised before disaster strikes. This also complements wider adaptation strategies by encouraging the coherence of risk management strategies and ex ante planning.

Chapter 2, paragraph 8 of the AWG-LCA text considers the establishment of international insurance coverage as one function of a broader mechanism to address loss and damage from climate change. Devastating events – the flooding in Pakistan is an exemplary case – underscore the urgency. This kind of mechanism should be one of the operational elements of the adaptation framework negotiated in the UNFCCC process and should be financed from a share of international funds provided for adaptation.

Finally, setting up regional pilot programs through fast-start finance could generate important lessons on the specific operational modalities of such a mechanism. That will catalyse adaptation, promote more effective risk management, and support humanitarian efforts in vulnerable countries.

Bunkers Has an Important Shipment to Deliver

The final report of the Advisory Group on Climate Change Financing (AGF) that was established by the UN Secretary General early in 2010 may be the most anticipated document in the climate negotiations these days.

In November, the AGF panel is expected to deliver recommendation on the crucial question of how to generate, at a minimum, $100 billion per year by 2020, providing a crucial part of the groundwork needed for a new and dramatically scaled-up strategy for climate finance as a whole.

One thing is already clear for sure: no single source will serve as silver bullet to achieve that target. A combination of different instruments will have to be found.

As a result, attention is focusing on some of the major pieces. And there is no question one of those top-tier sources should be revenues generated with regard to emissions from 'bunker fuels' (international aviation and maritime fuels).

An international levy or auction revenues assessed on aviation and shipping would deliver predictable, consistent and additional public funding to support climate actions by non-Annex 1 countries. If properly structured, this could eventually contribute as much as $40 billion per year. Without that, it will be nearly impossible to collect the public funds that are needed in aggregate for climate finance.

In assessing various alternative methods, it is clear that in order to avoid carbon leakage it is imperative to take a global sectoral approach. On the revenue side it is economically reasonable to include all countries. But for fairness reasons it is crucial to ensure that the respective contributions of developing countries are fully refunded, and there are quite a few detailed proposals for doing so.

By increasing the resources for the new fund through stable contributions from the transport sector, developing countries would benefit from the increased support available for adaptation, REDD and other measures.

So delegates, as you land on your flights back home, remember to transmit this message to your capitals: now is the time to support the development of productive instruments to generate climate finance from international transport. It is essential for putting the necessary scale of financial support on the table.