From Scoping Options to Decision-Making – The Work of the Transitional Committee Going Forward

A Summary Report of Member Countries' Positions and Demands Post-Tokyo[1]

By Liane Schalatek, Heinrich Boll Foundation North America

Just about 14 weeks into the work of the Transitional Committee (TC), the 40-member body tasked by the COP 16 in Cancun to design the new Green Climate Fund (GCF) for approval by the next COP in Durban at the end of November, it has become clear that the process is now moving from scoping and understanding issues to be addressed to presenting concrete options for negotiations and approval. A sense of urgency pervaded the second meeting of the full TC in Tokyo on July 13th and 14th to start making relevant decisions. However, members also acknowledgement that on various issues, including on the role of the private sector and on the right legal personality for the future Fund, the TC still needs to learn more and understand better. TC members, joined in the Tokyo meeting by international observer organizations, some observer countries as well as international civil society and private sector representatives, focused on further clarifying important points of convergence and divergence among countries. Many of these, though clearly not all, ran largely along a contributor county-recipient country dividing line, indicating that even halfway through the process member countries have not been able to narrow fundamental differences regarding the objectives, purposes, governance and accountability structures and funding instruments the new Green Climate Fund should use.

The Process Ahead

In preparing for the third TC meeting on September 12th and 13th in Geneva, a TC leadership group, consisting of the committee chairs and vice-chairs as well as the coordinators of the four existing parallel workstreams or working groups (12 people in total), will move from scoping possibilities and shaping understanding of best practices in existing global funds to presenting a more limited range of options for decision by the TC members – including recommendations by the Committee to leave further specification on a number of issues to a new Fund Board post-Durban. Members (and observers) were invited to make further submissions until July 29th. For the third TC meeting in Geneva, the leadership group will present a draft outline of the TC report to COP as the basis for negotiations among the TC members. This outline report will be made available to TC members two weeks before the Geneva meeting on August 28th. It – together with the deliberations in Geneva and possible drafting of operational documents – will form the nucleus of a desired consensus report that the TC hopes to present after its adaptation at the fourth and last TC meeting (scheduled for October 19 -21 in Cape Town) to the COP 17 for consideration and decision.

Pre-TC Workshop on Funds' Experiences

The second TC meeting followed a day-long workshop a day earlier, organized by the TC members from Pakistan and Sweden, in which several existing global funds and funding institutions, including the Adaptation Fund, the Global Environment Facility, the Climate Investment Funds, the Montreal Protocol Multilateral Fund and the Global Alliance for Vaccines and Immunizations (GAVI) presented their experiences with respect to the business model, governance structure and access to funding. It also gave civil society and business sector representatives in a separate panel the opportunity to weigh in critically in what they see as "best" or "worst practices" the Green Climate Fund should either emulate and surpass or avoid and improve upon.

Election of TC Vice-Chairs

Like the first TC meeting in Mexico-City end of April, the actual committee meeting started with a focus on electing its officers. In contrast to Mexico-City, where the behind-the-scenes contentious discussion about the selection of co-chairs for the committee took up most of the first day of the meeting, in Tokyo members were able to move quickly to select Ambassador Burhan Gafoor from Singapore and Ewan McDonald from Australia as new vice-chairs of the process (joining the three existing co-chairs Ernesto Cordero from Mexico, Kjetil Lund from Norway and Trevor Manuel from South Africa). This was a leftover agenda item from Mexico-City, addressing the complaints of the Asian group's developing countries which had argued that neither the region nor developing countries in general were represented adequately with the existing three co-chairs.

TSU, Trusteeship and Conflict of Interest

The committee also accepted revised and clarified arrangements for the Technical Support Unit (TSU), although some developing country concerns persisted, shared by a number of civil society groups, about a preponderance of seconded experts from multilateral and some bilateral development banks in the unit in contrast to experts from other observer organizations, such as UN agencies. The fear is that this could indeed bias the options presented for the design of the GCF to follow the approaches of the multilateral development banks, for example with the Climate Investment Funds (CIFs).

There was also continued unease by some members (raised by Nicaragua and supported by the Philippines and Egypt) about the inclusion of a World Bank expert in the TSU as constituting an institutional conflict of interest, given that the TSU provides advice and prepares background information also on the question of the GCF's Trustee, its role and obligations. In Cancun, COP 16 had already decided to invite the World Bank on an interim basis to be the GCF's Trustee for the next three years. Dissatisfied with the assurance given by the TC Secretariat of there not being any apparent conflict of interest, Nicaragua officially tabled a detailed submission and action request, warning that the TC has the fiduciary duty – given that the trustee could be expected to win service fees of typically 1-3 percent of the overall trust fund value – to ensure that the GCF applies conflict of interest rules and fiduciary principles at least as stringent as the existing World Bank and UN guidelines, a standard Nicaragua sees as not being fulfilled and respected in the TC's current actions. Speaking for several developed countries, the United States rejected that argument, arguing that the current TC practice followed the precedent of other funds, for example with respect to the role of UNEP in the Montreal Protocol's financing instrument. It is unclear if the TC Secretariat will seek further legal clarification on the issue. Some observers worry, though, that this might be an issue that could haunt the new GCF in the future. Ultimately, the GCF will need to decide on a permanent trustee. Several countries (including Brazil, Belize and Egypt) stressed that it should be determined by an open bidding process; Pakistan thought that decision should be left to the future GCF Board. Opinions seemed to convergence on insuring a limited role for the trustee.

Objectives and Scope of the Fund

There was a lively exchange on the workstream I themes, specifically on objectives, scope and principles of the Fund. While TC members largely agree that the scope of the GCF should be to support low-carbon, climate-resilient development actions, there is a divergence of views whether the Fund's mission should be tied to the 2 degree climate stabilization goal or be focused on the enhanced implementation of the UN Climate Framework Convention. Brazil, the Philippines, India and China argued that the GCF designed as a financial mechanism under the UNFCCC needs to refer to UNFCCC implementation with a clear objective of fighting climate-change, not of addressing development shortcomings, and therefore allowing all developing countries access to new and additional funding under the GCF based on needs. Japan agreed with the implementation focus, but preferred not to refer back to the Convention. Instead, she as well as the German TC member suggested focusing on the implementation of low-carbon, climate resilient development plans under a 2 degree scenario. The United States adamantly opposed any reference on scope to the Convention, arguing that the "wholesale introduction" of the Convention would reduce the flexibility of the Fund, which was only one instrument of the financial mechanism. She and other developed country speakers (UK, Italy and Australia) urged instead to come up with a short and practical mission statement or expression of purpose, referring repeatedly to the 60-word statement that the Global Fund to Fight Aids, Tuberculosis and Malaria utilizes as an example of what is needed for the GCF.

In describing the objectives of the GCF, many TC members in their submissions had used similar terms, referring to the transformational nature of the Fund, country-ownership, or its need to mobilization and leverage finance to scale. However, it became clear that different members attached different meaning to these terms. Especially, the question of what should be understood under transformational change funded by the GCF in the view of several countries did merit further exploration. Germany suggested to possible focus a workshop in conjunction with the next TC meeting on this theme, an idea that was supported by several other countries, including Spain and France.

Guiding Principles for the Green Climate Fund

The developed-developing country split, apparent in the reference to the scope of the Fund, was also evident in the discourse about the principles that should guide the operation of the GCF. Several developing country speakers saw the guiding principles of the Fund as being embedded in the Convention, particularly the reference to the common but differentiated responsibilities of UNFCCC parties (the Philippines, China und Brazil). A number of developed country members focused instead on characteristics such as cost-effectiveness, value-addition and efficiency of resource management, high standard of transparency and accountability, results orientation, scalability and predictability or the ability to learn and constantly improve as the principles they would like to see the GCF embody (UK, Australia, Canada, Germany, and Japan).

Gender

Although gender equality considerations had not figured very prominently in the scoping papers, the importance of the issue for the work of at least two of the workstreams was raised by several TC members throughout the two days of exchange, thus firmly anchoring gender in the discourse going forward and hopefully also in the outline report for the third TC meeting. South African Co-Chair Trevor Manuel was one of the first to urge the consideration of gender balance in addition to regional balance on the GCF Board, a call that received support by Zambia, Pakistan and Italy and that was presented by the Swiss co-facilitator for workstream II on governance as consensual going forward. An effort to improve the geographic and gender balance of the TSU had already been promised by the TC Secretariat, thus suggesting indirectly that gender-balance should be taken into account in a future GCF Secretariat or with GCF expert bodies as well. Gender was also brought up in the context of safeguards, with the United States asking for environmental, social and gender safeguards to guide GCF operations. Sweden, in presenting the co-facilitators proposal for workstream IV on monitoring and evaluation had also indicated that the promotion of gender equality should be among the general criteria guiding the work of an independent evaluation unit at the Fund. The challenge is now to ensure that gender equality is addressed as a cross-cutting issue in a concrete way throughout the workstreams and understood as a guiding principle for the overall work of the future Fund.

Fund Windows

In a very diverse and engaged discussion, TC members were not able to converge on a clear recommendation on the number and focus of funding windows for the GCF; however, there seemed to be agreement among developing and developed countries that the Fund should start out with few windows and leave it to the Board to expand the number of windows or create specific sub-funds or focal areas within windows. Many developing countries tied the discussion about the windows back to the Convention, its strategic objectives, funding commitments and the Bali Action Plan as well as to the need for a balanced funding allocation between mitigation and adaptation, suggesting that therefore a thematic window approach was preferable, initially starting out with an adaptation and a mitigation windows – an approach which Farrukh Khan, the Pakistani co-facilitator of workstream III, presented as an emerging consensus. However, severe divergences remained unresolved. They included various opinions on what should be the focus of additional funding windows or focal areas. Suggestions included REDD+ (Belize, Germany and Democratic Republic of Congo), technology transfer (Saudi-Arabia, Pakistan, China, DRC, Philippines) and capacity-building (DRC, China, Philippines, and Burkina Faso). Several developing countries suggested funding windows could be structured not exclusively thematically, but also according to funding modality, region or sector. The UK, Switzerland, Germany and Denmark toyed with the idea of a private sector funding window, with the UK going the furthest in suggesting out-of-the-box thinking by proposing in addition to a private sector window also a direct access grant window and a concessional intermediary window (essentially the MDB model focusing on loans, even for adaptation top-down) instead of a mitigation and adaptation window.

Although offered as discussion piece, not an official UK position, such a position if implemented could isolate bottom-up country-led approaches within the GCF into a smaller niche.

Funding Allocation

While funding allocation within the GCF was not addressed in detail, the facilitators for workstream I, Derek Gibbs of Barbados and Alicia Montalvo from Spain, acknowledged a divergence of views in scoping members' input for Tokyo, particularly on the question if an ex-ante allocation was needed or desired. Several developing countries urged to guarantee a balance between mitigation and adaptation in accordance with the terms of reference for the GCF, with allocation decisions to be made by the Board (Ethiopia, Egypt, India, and Pakistan), not by contributing countries in the form of earmarks. For the small island developing states, Samoa stressed the need for an indicative allocation per country – a guarantee that each developing country would receive at minimum a certain amount of GCF funding, while Belize hoped for a statement of principle avoiding a repeat of the experience with the Kyoto Protocol Clean Development Mechanism (which favors few emerging market economies disproportionally, but failed so far to generate significant investment finance for poorer developing countries).

Direct Access

The inclusivity and universality of access to GCF funding for all developing countries as a matter of eligibility under UNFCCC obligations was a key point made by several developing country members (Philippines, China, and Saudi Arabia), with the Philippines pointing to the "bad practice" experience of some funding instruments such as the CIFs benefitting only those countries chosen for a pilot-country, top-down approach (54 countries overall). They felt that such universal access to the Fund would be assured best via a direct access modality. There was no opposition to direct access as a funding modality in the GCF and some convergence among developed and developing countries in noting the need to up-scale and expand current direct access practice to go beyond a single national implementing entity (as currently practiced in the Adaptation Fund) to allow for multiple domestic implementers (DRC, United States, France among others). While India specifically included private sector actors as beneficiaries of direct access, none of the members spoke in favor of allowing civil society organizations to act as sub-national implementers. Several speakers, including from South Korea and Burkina Faso, stressed the importance of funding capacity-building for enhanced direct access under the TC (which is not possible under the Adaptation Fund's mandate).

Country-led Strategies

Developed and developing countries alike seemed to agree that direct access should be built around country-ownership and focus on countries' own priorities as expressed in national climate and development plans (Denmark, Japan and China). However, members did not address the need for fully participatory and inclusive multi-stakeholder participation in recipient countries, taking into account the needs and preferences of local communities and often marginalized groups such as women or Indigenous Peoples, in developing new and or evolving existing country-led strategies as prerequisite for a true country-ownership that goes beyond a focus on national government-policy only. While country-ownership as a principle for fund allocation via direct access was not a contentious issue, Brazil and others rejected a reference to the Paris

Declaration on Aid Effectiveness in the guiding principles for the GCF arguing that funding under the GCF was distinctly different from ODA, even if country-ownership is seen as a core aid effectiveness principle.

Financing Instruments

Several countries emphasized the significance of grant financing under the GCF, stressing the difficulties of most developing countries to come up with co-financing as required under GEF financing instruments (Philippines) and therefore the need to provide both adaptation and mitigation finance for the most vulnerable country groups, namely the SIDS, LDCs and African countries exclusively in the form of grants (Zambia). Japan surprised with a call to provide added value to the existing climate finance structure by having the GCF focus on grant facilities only, which got support from Brazil; however, in this call, Japan was not joined by other developed countries. Italy, the UK, Germany and Denmark pointed out the need to employ a wide range of financing tools, including mixed approaches blending grants with loans and risk guarantees, depending on the investment purpose. Nevertheless, there seemed to be an emerging consensus in the TC that adaptation funding should be primarily in form of grants and at full cost, underscoring the need for substantial government contributions to the GCF.

Sourcing for the Green Climate Fund

Although the TC has no official mandate to determine financing sources for the GCF, TC members focused and linked many of their specific interventions on financing and access modalities as well as on the principles and the scope of the GDF to the question of how much financing should be expected from which sources.

Overall, a broad consensus seemed to form that no source – public, private or innovative financing instruments – should be excluded a priori especially for a Fund at scale and with the option to grow over time. However, it was clear from the discussion that there were vast differences, primarily between developing and developed countries, with respect to sequencing and importance of the respective contribution of these various financing sources for climate action supported by the GCF. Developing countries such as Saudi Arabia, the Philippines, China, Egypt or Ethiopia stressed that direct budget contributions by developed countries must form the bulk of new, additional, predictable and sustainable financing for the Fund in line with commitments under the Convention. Ethiopia, in particular, was asking for more clarity on how much of the long-term commitment of US$100 billion annually by 2020 would flow through the GCF. In order to get the Fund started, Egypt and Singapore argued, an initial capitalization must come from public funds, while medium-term other sources, including innovative sources, should gain in importance. Apparently, a background note will be prepared under workstream III for the next TC meeting which will focus on a possible initial capitalization for the GCF.

To ensure predictability and certainty of GCF funding, several TC members suggested periodical replenishment in multi-year cycles (Sweden, China and Singapore) similar to current practices at the GEF or the World Bank International Development Association (IDA); however, some developing countries felt that instead continuous contributions were needed to ensure that public funding was truly new and additional and not repackaged ODA (Ethiopia and DRC) or to receive financing from innovative financing mechanisms, including taxation schemes (Singapore and Nicaragua), in the medium-term.

Private Sector Engagement and the Role of Carbon Markets

A large focus of the discussion about finance entry points centered on ways to utilize GCF funding and financing instruments to crowd in the private sector, even though many countries expressed the need for further information and study, for example in form of a TC technical workshop or additional work by the TSU (China, Belize, Canada and Sweden). Singapore recommended that the future GCF Board should focus on private sector outreach and engagement strategies for example via an international private sector advisory board to the Fund. Although most developing countries felt private sector investments should only play a complementary role to core GCF funding provided by developed country direct budget contributions, many nevertheless expressed the need to engage the business sector in their own countries in the implementation of national green development plans (India, Pakistan), but primarily once GCF funding reaches recipient countries (Zambia). Germany also stressed the need to incentivize domestic small-scale enterprises and private investors, for example via grants to buy down investments or risk guarantees, by providing the example of feed-in-tariffs or energy-efficient retrofitting of private homes. Like the UK, though, it foresaw the possibility of the GCF directly funding the private sector, possibly through a separate private funding window. Several developed country representatives focused on the role of public money in the GCF to leverage private sector money. Canada indicated the role of government funding in the GCF to create markets where the private sector can see adequate rates of return, citing the example of utilizing fast-start funding via the International Finance Corporation, the private-sector arm of the World Bank. By pointing to the experience of Bangladesh, Sweden stressed the benefits of public-private co-financing in adaption funding. However, members expressed their disappointment with the lackluster engagement of the private sector with the TC process so far and their near absence in the Tokyo meeting. An active private sector outreach effort by the TC Secretariat was urged; several member countries also indicated that they planned to reach out to the private sector in regional or national consultations between now and the third TC meeting.

A few speakers also addressed a possible link of the GCF with international carbon markets. Both Singapore and France were interested in exploring options on how the GCF could provide clear price signals for carbon and thereby act as a possible catalyst for the creation of a global carbon market.

Main Governance Issues

Under workstream II (facilitated by Bruno Oberle from Switzerland and Tosi Mpanu Mpanu from the DRC), five issues were up for discussion and consideration by the TC members. Aside from the question about the trustee's role, the role and function of the future GCF Secretariat was briefly mentioned, with consensus emerging on the need for an independent secretariat for the GCF completely separate from the UNFCCC Secretariat. The relationship of the GCF with the Standing Committee and its complementarity with the financial mechanisms of the UNFCCC was not elaborated in detail. However, India and Pakistan urged a monitoring function of the Standing Committee over the GCF, with a need to define such a relationship further.

Legal Personality

The question of the legal personality of a multilateral fund, meaning its capacity to engage for example in contractual relationship with countries and other international entities, had figured prominently in the workshop on the experience of existing funds the day prior to the TC meeting. Developing country members were especially impressed with the experience of the GEF which –without own legal personality – is dependent on its trustee, the World Bank, and Bank norms and rules for many of its interactions with countries and organizations – a severe shortcoming, which according to the GEF hampers its ability to respond to funding needs and requests by developing countries as speedily and effectively as needed. Likewise, the presentation by the Adaptation Fund had stressed that a legal personality was a prerequisite for the Adaptation Fund to provide countries with direct access to its funding. All developing countries who spoke on this issue, including Pakistan, Brazil, Zambia, Barbados, Egypt and China, agreed that the GCF would need a legal personality in order to institutionalize direct access as an important finance modality under the GCF and keep the influence of a trustee limited, and thus the integrity of the decision of the GCF-Board preserved. While ultimately no TC member spoke up against giving the GCF its own legal personality, some developed countries (among them the UK, the United States and Germany) thought it was premature to address the issue before knowing which financing modalities, windows and business model – a "flow-through" fund exclusively passing on grants or a more bank-type structure with a variety of long-term structured loan and bond financing instruments – the GCF would employ. There was no clarity however, on the exact type of legal personality or legal capacity the GCF should have; a background paper by the TSU had highlighted several options and their implications in preparation for the Tokyo meeting. Germany asked for further clarification of the impact of a fund's legal personality on its funding instruments to be presented to the TC by the third meeting.

Structure and Function of the Fund Board

Regarding the structure of the GCF Board, members' opinion seemed to convergence on an understanding of regional balance among its 24 members (with equal representation for developing and developed countries as agreed already in Cancun), with several countries also expression an understanding that gender-balance need to be sought in addition (South Africa, Zambia and Switzerland). There was some disagreement over who should determine the members of the Board, and whether they should be elected or appointed. The United States and Denmark suggested that Board members should be (s)elected by the individual country groupings (developed and developing as well as regional). They pointed out that the GCF is under the guidance, but not the authority of the COP according to the Cancun Agreements and that therefore the COP should have no role in selecting or approving the GCF Board. In contrast, some developing countries in their interventions stressed that the COP should have a role in determining Board members and asked for clear reporting lines from the GCF Board to the COP.

Monitoring and Evaluation

Discussion in workstream IV (facilitated by Jan Cedergren from Sweden and Aparup Chowdhury from Bangladesh) centered on options for a mechanism for monitoring and evaluation, a results framework for the GCF, stakeholder participation and involvement, the application of environmental, social and gender safeguards and the application of fiduciary standards. With respect to evaluation, speakers distinguished between evaluating and reviewing the Fund as an instrument from evaluating the activities of the Fund.

The former, several developing countries argued, should be done by an independent outside institution at the behest of the COP (India, Egypt, Belize and Pakistan) with Pakistan and Zambia suggesting that the Standing Committee could act on behalf of the COP in commissioning such an external evaluation of the Fund and its board. Korea argued that such a Fund evaluation could coincide with replenishment meetings. The role of the COP in evaluating the Fund was contested by the United States, who wanted to give its Board the responsibility to initiate and act on a Fund performance review – a suggestion rejected by the Swedish co-facilitator and Zambia, among others, who pointed out that the GCF Board cannot evaluate itself.

Results-based Framework

Both developing and developed country members agreed on the need of some sort of results framework for the GCF (mentioned by the UK, Germany, Australia, Brazil, India and China), with the UK suggesting that such a focus should be integrated both in the design and the implementation process to show that "we are getting value for money" and the Swedish workstream co-facilitator recommending that the TC should look at the experience of other funds. With respect to performance indicators, Australia argued that they should be "simple, concrete and measurable" while some developing country voices urged to look beyond emissions reductions and achieving the 2 degree climate stabilization goal at a wider range of climate-sensitive indicators that take development and poverty reduction impacts into account (China) without falling back to development finance practice. Pakistan asked for a scoping paper on what could be climate-sensitive indicators, giving the examples of the number of human lives saved or health expenditures avoided or carbon sinks protected. India was reminding members that the performance of the Fund cannot be separated from the overall climate stabilization actions of the UNFCCC parties. He argued that instead of just focusing exclusively on the monitoring of GCF funding activities the flow of financing to the GCF should be also considered in judging the performance of the Fund, a point which was supported by Brazil.

Evaluation Mechanism

Rather than elaborating on points of convergences and disagreement, the Swedish co-facilitator had presented to the TC members the framework of a possible evaluation mechanism of GCF operations, suggesting that it should provide follow-up on various levels of GCF Board decisions by looking at efficiency, effectiveness, impact and sustainablility, that it should be established in form of an independent unit reporting to and accountable to the Board, that it should give special consideration to LDCs and SIDS taking into account their capacity gaps, encourage stakeholder participation particularly at the recipient country level and develop general criteria, including for the promotion of gender equality, that should guide the work of the unit. The call for an independent evaluation unit outside of the secretariat was supported by most speakers (China, Australia, Singapore, USA, and UK among others). Japan suggested that a Fund-level monitoring and evaluation effort would need to be extended to implementing entities for direct access funding and that the GCF should include such a third-party M& E sytem. She foresaw a strong role for NGOs and local organizations, as well as local banks for such efforts in recipient countries.

Stakeholder Participation

Several speakers spoke about the essential participation of stakeholders in the Fund's operations, particularly civil society (Brazil, Egypt, Singapore, and Japan), although Pakistan was asking for a clearer definition who is considered a stakeholder for the GCF. Brazil underscored that civil society groups bring different visions to the table, even if the decision-making remains with parties. He urged the setting up of a consultation mechanism at the fund with balanced – presumably regional and gender – representation. Singapore underscored that the Fund will gain credibility and legitimacy from systematic stakeholder participation, which would include recipients of GCF funding. DRC even suggested the possibility of non-voting membership of stakeholders in the future GCF Board as well as a partnership forum (similar to current practice by the CIFs) that should be open to all constituencies of the UNFCCC, including the private sector as one stakeholder group. The UK also pointed to the CIF partnership forum as a possible model to allow for stakeholder participation in the GCF. Overall, however, the issue was addressed few and far in between, with many TC members not explicitly speaking up in favor of wide civil society participation.

Safeguards

Presented as the starting point of a discussion on safeguards, Sweden suggested that an environmental and social safeguards framework at the GCF should be aligned with internationally agreed conventions and best practices, but not be used as conditionality applied to countries to gain access to funds. The United States pointed out that the robustness on environmental, social and gender safeguards would be a critical selling point for developed countries in going to their parliaments for appropriations for the Fund, a point that Germany agreed with. Belize and France also underscored the needs for safeguards, with none of the members in the meeting voicing outright opposition to the development of a set of GCF safeguards. Sweden suggested that at the third TC meeting principles for the application of social and environmental safeguards should be developed and invited all members to submit their views on this and other points quickly.

Fiduciary Standards

There was a lively discussion on what kind of fiduciary standards should be applied in the new Fund. The co-facilitators' suggestion to apply "internationally accepted fiduciary standards for all levels of the GCF" was met with the concern by a number of developing countries that if the GCF raised the bar on fiduciary standards too high, this would preclude many developing countries from accessing the Fund. Zambia pointed out that the national circumstances of SIDS and LDCs would need to be addressed specifically. In her opinion, a main obstacle to the accreditation of NIEs at the Adaptation Fund, especially in the case of these country groups, are high fiduciary standards. India and China shared this opinion with China arguing that too high a bar for fiduciary standards would not only be inconsistent with the principles of the UNFCCC, but also counterproductive for implementation in the field. Several speakers urged some flexibility in the application of fiduciary standards, although Germany and Japan rejected request for minimum fiduciary standards and recommended instead draft language demanding "the highest appropriate" fiduciary standards. Pakistan argued to focus just on "fiduciary standards", namely the ones that the COP has already adopted and urged workstream co-facilitators to look at these to ensure that they do not unnecessarily inhibit SIDS and LDCs.

Submission of a "Group of 13" Developing Countries

Surprising the co-chairs of the TC and many of their TC colleagues, a group of 13 developing countries formally tabled a document on the operational elements for establishing the GCF on the second day of the TC meeting. It expresses the joint understanding of Egypt, Argentina, Burkina Faso, China, the Philippines, Saudi Arabia, Zambia, Gabon, India, Morocco, Nicaragua, the Democratic Republic of Congo and El Salvador about the objectives, principles, the legal status, board structure and functions, the role of the secretariat for the GCF, scope, scale and windows of the Fund as well as its operational modalities. Egypt, speaking for the group indicated that the submission was drawn extensively from the range of experiences of developing countries with existing funds. Not to be understood as a final document, and not precluding any further submissions by the group's members, the effort obviously sets a written marker of the negotiation position of more than half of all developing country members in the TC. Brazil, Pakistan, Singapore and Peru expressed their sympathy with the tabled submission, thus solidifying what could become the main developing country stance in the TC. The group invited comments by other members, but presumably also from TC observers.

From a civil society observer perspective, the group's elaboration of its positions on stakeholder input and participation, on the role of observers at the Fund, on the eligibility criteria for direct access and regarding the discussion on environmental and social safeguards – which does not mention gender – could be further strengthened.

*This report was written by **Liane Schalatek,** Heinrich Böll Foundation North America, based on intensive notes taken while participating as a civil society observer participating in the second TC meeting in Tokyo, July 13-14, 2011.*

Contact: Liane.Schalatek@us.boell.org.