

# THE GREEN CLIMATE FUND AND THE FUTURE OF ENVIRONMENTAL GOVERNANCE

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## WORKING PAPER SERIES EDITOR

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## ABSTRACT

The process of designing the Green Climate Fund (GCF) will reshape the global architecture of climate change financing over the coming months. Yet the promise of the GCF is imperilled by its embrace of 20<sup>th</sup> century state-centric approaches to governance that fail to engage the resources and energies of non-state actors. Designers of the GCF - as well as the Adaptation Fund and other funds - should instead learn from the successes of the new generation of global health institutions, which integrate the capacities of stakeholders through direct participation in governance.

## SERIES FOREWORD

This working paper was written as part of the Earth System Governance Project, a ten-year research initiative launched in October 2008 by the International Human Dimensions Programme on Global Environmental Change under the overall auspices of the Earth System Science Partnership.

Earth system governance is defined in this Project as the system of formal and informal rules, rule-making systems and actor-networks at all levels of human society (from local to global) that are set up to prevent, mitigate and adapt to environmental change and earth system transformation. The science plan of the Project focusses on five analytical problems: the problems of the overall *architecture* of earth system governance, of *agency* of and beyond the state, of the *adaptiveness* of governance mechanisms and processes, of their *accountability* and legitimacy, and of modes of *allocation and access* in earth system governance. In addition, the Project emphasizes four crosscutting research themes that are crucial for the study of each analytical problem: the role of power, of knowledge, of norms, and of scale. Finally, the Earth System Governance Project advances the integrated analysis of case study domains in which researchers combine analysis of the analytical problems and crosscutting themes. The main case study domains are the global water system, global food systems, the global climate system, and the global economic system.

The Earth System Governance Project is designed as the nodal point within the global change research programmes to guide, organize and evaluate research on these questions. The Project is implemented through a Global Alliance of Earth System Governance Research Centres, a network of associate faculty members and research fellows, a global conference series, and various research projects undertaken at multiple levels (see [www.earthsystemgovernance.org](http://www.earthsystemgovernance.org)).

Earth System Governance Working Papers are peer-reviewed online publications that broadly address questions raised by the Project's Science and Implementation Plan. The series is open to all colleagues who seek to contribute to this research agenda, and submissions are welcome at any time at [workingpapers@earthsystemgovernance.org](mailto:workingpapers@earthsystemgovernance.org). While most members of our network publish their research in the English language, we accept also submissions in other major languages. The Earth System Governance Project does not assume the copyright for working papers, and we expect that most working papers will eventually find their way into scientific journals or become chapters in edited volumes compiled by the Project and its members.

Comments on this working paper, as well as on the other activities of the Earth System Governance Project, are highly welcome. We believe that understanding earth system governance is only feasible through joint effort of colleagues from various backgrounds and from all regions of the world. We look forward to your response.

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## 1. INTRODUCTION

The process of designing the Green Climate Fund (GCF) will reshape the global architecture of climate change financing over the coming months. The commitment to establish the GCF was the most tangible outcome of the December 2010 Cancun meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 16).<sup>1</sup> Yet the promise of the GCF is imperiled by its embrace of 20th century state-centric approaches to governance that fail to engage the resources and energies of non-state actors.

The initial meetings of the GCF transitional committee and submissions by its members have revealed major North-South fault lines over the Fund's structure and governance. Developed country governments are focused on ensuring that the Fund is accountable for results and able to generate private resources. Developing country governments seek to ensure that the Fund receives adequate resources from donor governments and that developing countries control the allocation of those resources. So far, however, proposals for GCF governance generally reflect a "monopoly of states" approach,<sup>2</sup> which will make it more difficult for the transitional committee to overcome its internal divides and for the Fund to achieve its mission, including attracting public and private resources.

In global health and other fields, in contrast, international institutions are increasingly integrating the capacities of civil society and other stakeholders by opening space for them to participate directly in institutional decision-making. Expanded civil society participation holds the key to reconciling the competing visions for the GCF that currently divide governments. Rather than retreating to the traditional state-centric approach, the designers of the GCF should learn from the new generation of innovative participatory health institutions, which are successfully mobilizing public and private resources, connecting financing with results and empowering country-level actors for policy-making and implementation.

## 2. LEGACIES OF INTERNATIONAL ENVIRONMENTAL GOVERNANCE

International environmental institutions were once at the forefront of the "participatory revolution"<sup>3</sup>, although almost all of them engaged civil society only

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<sup>1</sup> Conference of the Parties, Framework Convention on Climate Change, Decision 1/CP.16, 100-111, in Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010, Addendum, Part Two: Action taken by the Conference of the Parties at its sixteenth session, FCCC/CP/2010/7/Add.1 (15 March 2011)

<sup>2</sup> David Gartner, *Beyond the Monopoly of States* 32 U. Penn J. Int'l 595 (2010)

<sup>3</sup> Kal Raustiala, *The "Participatory Revolution" in International Environmental Law*, 21 HARV. ENVTL. L. REV. 537 (1997).

through consultation mechanisms segregated from actual decision-making. Yet recently created environmental institutions are often not even keeping pace with their predecessors, and none are on a par with participatory health institutions.

Since the 1972 Stockholm Conference, non-governmental organizations have taken part in all major international environmental conferences, typically outnumbering government delegates. Following the 1992 Rio Conference, the United Nations Environment Program (UNEP) – the core environmental organization – added mechanisms for civil society input that included an annual Global Civil Society Forum and the Major Groups Facilitating Committee. The Commission on Sustainable Development (CSD) went even further, pioneering “multi-stakeholder dialogues” in which representatives of the Major Groups engage with Commission members. Since 2002, CSD has further expanded opportunities for dialogue, while still excluding civil society from any direct role in policy-making.<sup>4</sup>

Environmental financing agencies initially followed a similar path. The Global Environmental Facility (GEF) funds the “agreed incremental costs” of projects in developing and transitional economy countries that further global environmental goals, including climate change and biodiversity; it operates the financial mechanism of the Framework Convention on Climate Change<sup>5</sup>. Only states serve on GEF’s principal governing body, the Council.<sup>6</sup> The Council sponsors an NGO Consultation before each meeting, but many Council members fail to attend.<sup>7</sup> Civil society observers may attend Council meetings, but may only speak when invited. GEF’s NGO Network selects civil society representatives to perform these functions, with financial and administrative support from GEF. At the project level, GEF calls for public involvement in design, implementation and evaluation, including stakeholder participation “as appropriate,” but with its Implementing Agencies retains all decision-making authority.<sup>8</sup>

The World Bank established the Climate Investment Funds (CIF) in 2008 “to bridge the financing and learning gap between now and a post-2012 global climate change agreement.”<sup>9</sup> CIF includes the Clean Technology Fund and the Strategic Climate Fund,

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<sup>4</sup> Entry Points for Major Groups, available at [http://www.un.org/esa/dsd/dsd\\_aofw\\_mg/mg\\_csdentrpoin.shtml](http://www.un.org/esa/dsd/dsd_aofw_mg/mg_csdentrpoin.shtml)

<sup>5</sup> The UNFCCC parties also created the Special Climate Change Fund and Least Developed Countries Fund, both operated by GEF.

<sup>6</sup> Loria van Kerkhoff, et. al., *Designing the Green Climate Fund: How to Spend \$100 Billion Sensibly*, Environment: Science and Policy for Sustainable Development (some commentators have already suggested that GEF is a poor model for the GCF because of its state-centric character), <http://www.environmentmagazine.org/Archives/Back%20Issues/2011/May-June%202011/index.html>

<sup>7</sup> IUCN, *Review of Practices on NGO/CSO Participation and Recommended Measures for NGO Representation at Meetings of the CIF Trust Fund Committees*, Jan. 2009. [http://siteresources.worldbank.org/INTCC/Resources/Review\\_of\\_Practices\\_NGO-CSO\\_Particiaption\\_Final.pdf](http://siteresources.worldbank.org/INTCC/Resources/Review_of_Practices_NGO-CSO_Particiaption_Final.pdf)

<sup>8</sup> Instrument for the Establishment of the Restructured GEF, 5; *Public Involvement in GEF-Financed Projects*, June 1996, <http://www.thegef.org/gef/gef/node/2024>. However, GEF’s project criteria place a low priority on consultation and participation. *Criteria for Review of GEF Projects*, <http://www.thegef.org/gef/sites/thegef.org/files/documents/GEFProjectReviewCriteria2008.pdf>

<sup>9</sup> <http://www.climateinvestmentfunds.org/cif/designprocess>

which supports the Pilot Program for Climate Resilience. Initially, none of the CIF governing committees made any significant provision for engaging civil society.<sup>10</sup> Pressed by NGOs, however, CIF commissioned the IUCN to study best practices in civil society participation, and adopted most of its short-term recommendations.<sup>11</sup> The Clean Technology Committee now includes four “active observers” from civil society and two from the private sector; the Strategic Climate Committee adds two from indigenous peoples; and the Climate Resilience Program includes one from a “community dependent on adaptation to secure livelihoods.” Observers represent their constituency, with CIF-appointed organizations facilitating selection processes. To date, however, civil society observers have had limited impact on decision-making.<sup>12</sup> Unlike GEF, CIF has made few specific arrangements for civil society participation in funded projects, relying on World Bank procedures.<sup>13</sup>

The Adaptation Fund (AF) marks a significant retreat from this mixed record of participatory innovation. Its retreat is both striking and troublesome, as it is difficult to think of an area that demands greater civil society input and buy-in, especially at the local level, than adaptation to climate change. The AF grew out of the Kyoto Protocol, which requires that a share of proceeds from Clean Development Mechanism projects be used to finance adaptation in vulnerable developing countries.<sup>14</sup> The AF Board (AFB) is made up of representatives from 16 states adhering to the Protocol.<sup>15</sup> Civil society and stakeholder involvement is limited to attendance at AFB meetings by accredited observers and to a recently-initiated formal dialogue with observers near the end of the agenda. Funded projects are to be “country-driven,” but the AF interprets that principle to emphasize the role of governments, with no meaningful participation by stakeholders.<sup>16</sup>

In short, while international environmental governance was initially ahead of the curve in incorporating input from civil society and other stakeholders, progress in this important area has stalled. The Adaptation Fund represents a clear step backward. The designers of the GCF should be expanding upon earlier models of participation in environmental governance, but are instead following the AF in a short-sighted retreat to state-centric governance.

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<sup>10</sup> IUCN, Review of Practices, *supra*.

<sup>11</sup> IUCN, Review of Practices, *supra*.

<sup>12</sup> Bretton Woods Project, A Faulty Model? What the Green Climate Fund Can Learn From the Climate Investment Funds 2 (2011), <http://www.brettonwoodsproject.org/art-568686>

<sup>13</sup> As this was written, however, GEF held consultations to design a new policy for engagement with indigenous peoples. GEF launches process to strengthen partnership with Indigenous Peoples, <http://www.thegef.org/gef/node/4753>

<sup>14</sup> Kyoto Protocol, Article 12:8

<sup>15</sup> Adaptation Fund, Decision 1/CMP.3, FCCC/KP/CMP/2007/9/Add.1

<sup>16</sup> Accessing Resources from the Adaptation Fund: The Handbook, [http://www.adaptation-fund.org/sites/default/files/Handbook.English\\_0.pdf](http://www.adaptation-fund.org/sites/default/files/Handbook.English_0.pdf) at 7

### 3. THE GREEN CLIMATE FUND

The Cancun COP initiated a process for establishing the GCF. It created a transitional committee to design the Fund, made up of 40 state representatives with appropriate skills and experience.<sup>17</sup> The COP provided only that the Fund should be accountable to and subject to the guidance of the COP, and governed by a Green Climate Board of 24 members (plus alternates) with equal numbers of developing and developed country representatives.<sup>18</sup> Within these very rough outlines, the transitional committee is empowered to shape the GCF in preparation for COP consideration at Durban.<sup>19</sup>

The North-South fault lines over Fund governance appeared in the very first transitional committee meeting: developing country governments focused on the balance of power between states and the need for significant donor resources, while potential donor governments focused on accountability for expenditures and the Fund's capacity to generate private resources.<sup>20</sup> For example, Brazil highlighted the importance of a governance structure which gives developing countries voice and ownership, while Samoa highlighted the importance of predictable financing and direct access to resources by Southern governments. Among developed countries, the United Kingdom identified ten key criteria for the Fund, including effectiveness, value for money and private sector engagement. The United States pointed to the necessity of using a range of financial instruments to attract private sector resources. Australia and France called for a results-based approach to attract private investment. These positions have generally been maintained in country submissions to the transitional committee.<sup>21</sup>

On the issue of participation in the transitional committee itself, members agreed that decision-making should remain with states. Several governments even emphasized the importance of clarifying the roles of observers to maintain distinctions in status

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<sup>17</sup> Most committee members are government officials, but a few are academic experts with government affiliations.

[http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/green\\_climate\\_fund/items/5938.php](http://unfccc.int/cooperation_and_support/financial_mechanism/green_climate_fund/items/5938.php)

<sup>18</sup> The COP specified that the developing country bloc should include representatives of the UN regions, least developed countries and small island states. It also decided that the GCF should be supported by an independent secretariat and administered by a trustee; the World Bank currently serves as trustee.

<sup>19</sup> The COP's terms of reference for the committee call for it to prepare specified operational documents, including "legal and institutional arrangements for the establishment and operationalization" of the GCF, by COP 17 in Durban. Decision 1/CP.16, Appendix III

<sup>20</sup> Authors' notes on Committee meeting

<sup>21</sup> See e.g. Submission of Japan ("The most important in our view is that the GCF is structured in such a way that will leverage a wide variety of financial resources from the private and public sectors"); GCF Design Document: UK Perspective (11/8/11)(highlighting need for GCF to "demonstrate efficiency and effectiveness" and to "leverage private sector finance"); Submission of Belize ("I would like to ensure that we do not lose sight of our principal stakeholders who are developing countries, especially those that are currently experiencing the adverse effects of climate change"); Submission of Nicaragua ("The public sector should be the principal recipient of funding at the national level ... The Fund should not directly deal with private or civil society entities within a country")

among states, international organizations and NGOs. The private sector and private foundations were poorly represented at the meeting, leaving only NGOs to argue for stakeholder involvement.

At the most recent transitional committee meeting, in July 2011, thirteen developing countries put forward a proposal covering a range of governance issues.<sup>22</sup> The proposal assumes that states alone will be represented on the Board, and calls for equitable and geographically balanced representation of all UNFCCC Parties. It also highlights the importance of a country-driven approach to resource allocation – without specifying whether this refers only to national government control, as in the Adaptation Fund, or also includes stakeholder involvement in country-level policy and projects. Non-state observers addressed the committee at the beginning of the meeting, calling for meaningful stakeholder input at both the GCF- and country levels.<sup>23</sup>

With very little time remaining before the Durban Summit, the lingering divisions between North and South remain a major obstacle to structuring the GCF. Evidence from recent global health institutions suggests that a governance structure limited to states is unlikely to reconcile these competing visions or to achieve the central objectives of either North or South.

#### 4. EMERGING PARTICIPATION IN GLOBAL HEALTH GOVERNANCE

Recent global health institutions have moved beyond the consultative procedures adopted by UNEP, CSD and GEF. They embrace a multi-stakeholder model in which civil society, the private sector, foundations, and other constituencies – including populations directly affected by health threats – participate directly in governing bodies, deliberation and decision-making.

UNAIDS was the first UN body to include civil society representatives on its governing body. UNAIDS was established in 1994 to coordinate the response of multiple UN agencies to the HIV-AIDS crisis. With AIDS activists demanding a place at the table, a multi-stakeholder task force, including three NGOs, was established to design the new body. The UNAIDS Program Coordinating Board now includes five NGO delegates; at least three are people living with HIV-AIDS. UNAIDS supports NGO participation and communication with national and regional constituencies. Yet while NGO delegates may speak near the end of board meetings, they may not “participate in any

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<sup>22</sup> Draft Instrument for the Establishment of the Green Climate Fund, submitted by Egypt on behalf of 13 Transitional Committee members, in Submissions by Members of the Transitional Committee, Internal reference document 8, 14 July 2011,

[http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/green\\_climate\\_fund/items/5868.php](http://unfccc.int/cooperation_and_support/financial_mechanism/green_climate_fund/items/5868.php)

<sup>23</sup> Sven Harmeling (Germanwatch), Countdown to Cape Town: Report on the 2nd meeting of the Transitional Committee to design the Green Climate Fund (n.d.)

part of the formal decision-making process, including the right to vote which is reserved for representatives of Governments.”<sup>24</sup>

The GAVI Alliance finances vaccine purchases and immunization programs in developing countries, as well as vaccine research. Established in 1999, GAVI was designed as a public-private partnership, with a strong participatory role for non-state actors.<sup>25</sup> The Bill & Melinda Gates Foundation, which provides substantial core funding, holds a permanent seat on the GAVI Board; NGOs, research institutes and Northern and Southern vaccine industries hold rotating Board seats. In contrast to UNAIDS, all Board members have full voting rights. In 2005, GAVI further broadened participation by adding five “unaffiliated” Board seats for expert individuals. GAVI also engages with civil society through its Partners’ Forum. Its Civil Society Constituency, an NGO network, funnels input into decision-making, with support from GAVI.<sup>26</sup>

The Global Fund to Fight AIDS, Tuberculosis and Malaria, again designed by a multi-stakeholder committee, provides even broader and deeper stakeholder participation. The Fund reserves separate Board seats for developing and developed country NGOs, and for people living with the target diseases.<sup>27</sup> Civil society delegates have significant voting power, as they sit with the Board’s recipient bloc; in the absence of consensus, the donor and recipient blocs must each approve decisions by two-thirds vote. The Fund establishes a full-fledged constituency system: each Board member represents a constituency, and a communications focal point manages an inclusive selection process within each constituency. The Fund also convenes a broad Partnership Forum.

The Global Fund introduced a particularly innovative arrangement for country-level participation. A multi-stakeholder Country Coordinating Mechanism must approve grant applications, nominate grant recipients and oversee implementation.<sup>28</sup> Fund guidelines call for at least 40% of CCM members to be non-state actors, including NGOs, people living with the diseases, the private sector and academic institutions.<sup>29</sup> Each constituency selects its own representatives. The Fund supports CCMs, and encourages grants to private recipients as well as governments, to build capacity and engagement.

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<sup>24</sup> In practice, however, NGO delegates “fully participate” in deliberations. Terms of Reference of the UNAIDS PCB NGO Delegation, available at <http://www.unaids.org/en/aboutunaids/unaidsprogrammecoordinatingboard/ngocivilsocietyparticipationinpcb/>

<sup>25</sup> William Muraskin, *The Last Years of CVI and the Birth of the GAVI*, Michael Reich ed., *PUBLIC-PRIVATE PARTNERSHIPS FOR GLOBAL HEALTH* (Harvard Series on Population and International Health 2002).

<sup>26</sup> GAVI Alliance Civil Society Constituency, [http://www.gavialliance.org/resources/2011\\_CSO\\_handout\\_FINAL\\_with\\_annex.pdf](http://www.gavialliance.org/resources/2011_CSO_handout_FINAL_with_annex.pdf)

<sup>27</sup> Sonja Bartsch, *The Global Fund to Fight AIDS, Tuberculosis and Malaria*, in *GLOBAL HEALTH GOVERNANCE AND THE FIGHT AGAINST HIV/AIDS* 146 (Wolfgang Hein et al. eds., 2007), at 146. The Fund also provides a stronger role for developing countries.

<sup>28</sup> <http://www.theglobalfund.org/en/ccm/>

<sup>29</sup> *Global Fund to Fight AIDS, Tuberculosis, and Malaria, Guidelines and Requirements for Country Coordinating Mechanisms*, available at <http://www.theglobalfund.org/en/ccm/guidelines/> 43

## 5. REVIVING PARTICIPATION IN ENVIRONMENTAL GOVERNANCE

The global health institutions that embrace multi-stakeholder governance have realized significant successes on many important measures. Environmental institutions that utilize only consultative mechanisms, in contrast, are proving less effective in leveraging the full potential of civil society and other stakeholders.

Direct participation in the governance of an institution allows civil society actors to contribute information and expertise. Beyond mere information, however, direct participation allows them to introduce their subjective understandings of situations and issues, their values and their normative commitments – all essential for sound policy formulation and institutional legitimacy. Civil society perspectives and judgments are particularly valuable when considering long-term issues such as climate change, which affects future generations and the entire planetary system. NGOs also serve as “voices of the weak and powerless”<sup>30</sup> and as “transmission belts” communicating the concerns, understandings and local knowledge of small-scale communities such as those facing adaptation, which might otherwise never reach international institutions. To be sure, consultation mechanisms can tap some of this input. But participation allows civil society representatives to argue for their positions in the give and take of deliberation.<sup>31</sup> Without direct participation, there is little reason to believe their perspectives will strongly influence governments.

As compared to consultation, direct participation also generates a stronger sense of civil society ownership, crucial to institutional success. For example, over the last decade participatory health institutions have been among the most successful at mobilizing resources. Key to this success has been the development of engaged and empowered constituencies in donor countries: in organizations such as the Global Fund, these groups have shown a strong commitment to leverage contributions from their home countries. GAVI, with its relatively narrow focus, received contributions and commitments of more than \$12 billion over eleven years of existence.<sup>32</sup> Over an even shorter time, the Global Fund received more than \$30 billion in pledges and over \$19 billion in contributions.<sup>33</sup> In contrast, over nearly 20 years GEF received replenishment commitments totaling \$16 billion.<sup>34</sup> The Adaptation Fund has to date received contributions of only \$225 million.<sup>35</sup>

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<sup>30</sup> Frank Biermann & Aarti Gupta, *Accountability and Legitimacy in Earth System Governance: A Research Framework*, 70 *ECOLOGICAL ECONOMICS* (2011).

<sup>31</sup> Thomas Risse, “Let’s Argue!” *Communicative Action in World Politics*, *Int’l Org.* 54(1):1-39 (2000)

<sup>32</sup> Donor Contributions and Proceeds to GAVI, <http://www.gavialliance.org/funding/donor-contributions-pledges/>

<sup>33</sup> Pledges and Contributions, <http://www.theglobalfund.org/en/about/donors/public/>

<sup>34</sup> Record Funding for the Global Environment Facility <http://www.thegef.org/gef/node/3010>

<sup>35</sup> Financial Status of the Adaptation Fund Trust Fund [http://www.adaptation-fund.org/system/files/AFB.EFC\\_.3.8.pdf](http://www.adaptation-fund.org/system/files/AFB.EFC_.3.8.pdf)

On broader measures of effectiveness, recent independent evaluations confirm that participatory health institutions are outperforming less participatory environmental institutions. A review of 43 multilateral organizations by the UK Department for International Development (DFID) found that GAVI and the Global Fund were among the few offering “very good value for money”<sup>36</sup>, while GEF and CIF ranked lower, providing only “good value for money.” Separately, the DFID review examined each institution’s organizational strength and contribution to the UK’s development objectives, which include addressing climate change. GAVI and the Global Fund ranked well above GEF and CIF in both areas<sup>37</sup>, due to their focus on results, transparency and accountability and multi-stakeholder participation.

A review by the Center for Global Development and the Brookings Institution reached similar conclusions.<sup>38</sup> The Global Fund and GAVI received top ratings for efficiency, while GEF was below average. Both health institutions also received among the highest rankings for transparency and learning; GEF was again below average. In addition, the IUCN study of civil society participation commissioned by CIF found that “feedback from the Global Fund is clear that including civil society in decision-making at the country level has resulted in more effective and sustainable programs and projects.”<sup>39</sup> As a result, IUCN recommended that CIF gradually expand civil society participation beyond the “active observer” model, eventually authorizing representatives to participate fully in decision-making, at least on specific matters. These evaluations suggest that participatory models of governance are contributing both to greater transparency and accountability, and to greater institutional effectiveness.

## 6. DESIGNING THE GREEN CLIMATE FUND

The success of participatory global health institutions argues for a re-thinking of the state-centric assumptions driving the design of the Green Climate Fund, as well as the Adaptation Fund and related funding bodies. Ideally, the GCF should build on the lessons of other 21st century international institutions by adopting a multi-stakeholder governance structure, including civil society and other private stakeholders as full partners in achieving the Fund’s objectives.

In this structure, the Fund Board should include representatives of diverse stakeholder groups, with the capacity to drive civil society ownership, expand resource mobilization, deepen deliberation and catalyze institutional effectiveness. At the least,

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<sup>36</sup> DFID, Multilateral Aid Review, Assessment by Institution, <http://www.dfid.gov.uk/About-DFID/Who-we-work-with/Multilateral-agencies/Assessment-by-institution-index/>. The evaluation drew on evidence including survey data, independent studies of effectiveness, external evaluations and reporting by the institutions.

<sup>37</sup> DFID, Multilateral Aid Review: Ensuring maximum value for money for UK aid through multilateral organizations (March 2011), [https://s3-eu-west-1.amazonaws.com/media.dfid.gov.uk/multilateral\\_aid\\_review\\_full\\_linked.pdf](https://s3-eu-west-1.amazonaws.com/media.dfid.gov.uk/multilateral_aid_review_full_linked.pdf), at 75-76

<sup>38</sup> Nancy Birdsall & Homi Kharas, Quality of Official Development Assistance Assessment (October 2010), <http://www.cgdev.org/content/publications/detail/1424481/>

<sup>39</sup> IUCN, Review of Practices, *supra*, at 18

the Board should reserve seats for NGOs from the North and South, communities directly affected by climate change, private foundations and the private sector. Each of these constituencies should be a full participant in Fund governance. The GCF should also require, like the Global Fund, that governments include civil society and other stakeholders in national coordinating bodies that will shape applications for funding and supervise the distribution of Fund resources at country and project level, ensuring a broad sense of ownership and promoting a focus on the most vulnerable populations.<sup>40</sup>

The GCF should adopt a constituency model of representation to address the challenges of expanded participation, and support its operation through a communications focal point or similar mechanism. This model works effectively in other institutions, although constituency procedures are still in their infancy.<sup>41</sup> To maintain accountability, any system of representation requires significant connections between individual or organizational representatives and their constituencies. Constituency models link representatives to the segments of civil society they represent through elections or other mechanisms by which stakeholders can select representatives and hold them accountable. These mechanisms strengthen the representativeness and legitimacy of civil society participation, and provide a bulwark against cooptation and capture.

The constituency model also provides other benefits. It enables the development of new constituency leadership, as by selecting alternative delegates who can learn how organizations and constituencies function. Similarly, constituency activities help build valuable capacities. In other institutions, the constituency approach has helped transform the nature of participation and fostered contributions that reflect broad perspectives and commitment to the institution.

## 7. CONCLUSION

The Green Climate Fund holds enormous potential to attract and deploy resources to respond to the adverse impacts of climate change. Yet early discussions of the design of the Fund are stuck in a 20th century state-centric model. In the 21st century, the most effective and legitimate international institutions will likely be those that engage civil society and other essential stakeholders in innovative ways. Direct stakeholder participation in Fund governance can reconcile the competing visions for its future that now divide North and South. Participatory institutions have successfully attracted donor state and private contributions, while fostering greater accountability, broader participation, and true country-driven resource allocations. By including civil society and other stakeholders in its governing body and country-level implementation

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<sup>40</sup> Oxfam, *Owning Adaptation: Country-Level Governance of Climate Adaptation Finance 3* (2011), <http://www.oxfam.org/en/policy/owning-adaptation>. Some developed countries proposed the creation of such bodies early in the work of the transitional committee, but they have not been seriously discussed. Harmeling, *Countdown to Cape Town*, supra, at 7.

<sup>41</sup> The IUCN report to CIF reviews the “current state of play” in designing selection mechanisms. IUCN, *Review of Practices*, supra, at 14-17

mechanisms, the GCF would be adopting the best practices of 21st century international institutions, helping it to confront an unprecedented global challenge with all the tools available.

To be sure, our recommendations face significant procedural hurdles. The COP has determined that the Green Climate Board will be made up of “members from developing and developed country Parties,” a phrase that appears to reflect a state-centric vision.<sup>42</sup> The transitional committee may determine that it lacks the authority to change this approach, although the possibility of non-state representatives serving on the Board in a non-voting capacity was at least raised at the second committee meeting.<sup>43</sup> Surely, however, the committee could recommend to the COP that it modify the GCF’s inter-state structure. Alternatively, concerned governments and stakeholders could present such a recommendation and urge the COP to adopt it at Durban.

If these approaches fail – or indeed even if they succeed – actors concerned with environmental governance should take a broader lesson from the recent history of global health institutions: effective and legitimate multi-stakeholder bodies are far more likely to emerge from multi-stakeholder planning and decision processes than from inter-governmental negotiations. UNAIDS, GAVI and the Global Fund were all designed by participatory working groups. In the near term, then, participatory planning committees could be established to design multi-stakeholder counterparts to state-centric bodies such as the GCF and Adaptation Fund. Over the longer term, as the international community continues to grapple with financing for adaptation, mitigation and other global environmental challenges, multi-stakeholder design processes, leading to multi-stakeholder institutions, should become the norm.

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<sup>42</sup> Decision 1/CP.16, 103. In theory, Parties could select representatives of civil society as Board members. However, the COP decision makes clear that only one individual from each Party selecting a Board member will be allowed to vote; it is unlikely that Party governments would forfeit their own ability to select a voting member. At the second transitional committee meeting, members discussed ways to ensure that Parties select experts as Board members. Harmeling, *Countdown to Cape Town*, supra, at 5

<sup>43</sup> Harmeling, *Countdown to Cape Town*, supra, at 5

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