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Subject: Fw: Transitional Committee - INPUT BY 20 MAY - possible submission of views on the issues under workstreams I and III

From: Michael Hitchens [mailto:michael.hitchens@aign.net.au]

Sent: vendredi 20 mai 2011 04:38

To: DEGERATU Georgiana

Subject: Re: Transitional Committee - INPUT BY 20 MAY - possible submission of views on the issues under workstreams I and III

Andrea

Thanks for the opportunity to comment. Unfortunately, I have not been able to give this the time it deserves, but the following are my initial reactions/thoughts (related to the Questions asked):

- Workstream I
 - Q1, 2/12, 13, 14: This is the real initial challenge for GCF as it takes over the role of the operating entity under Article 11. The GCF needs to avoid the temptation of becoming an autocratic dictator over the GEF, UNEP, IBRD and other multi-lateral and bilateral institutions that are already delivering mitigation/adaptation funding. To do so will inevitably add to red tape and impair effectiveness.
 - Q3, 4, 5/9, 10, 11: The thematic approach needs to be flexible and driven by bottom-up country demand over time. Obvious ones to start with are REDD and island state adaptation, and there are no doubt others. There would seem to be no need to actually nominate a top-down quantitative 'balance' between mitigation and adaptation. Rather, the 'right balance' will be achieved by the aggregation of individual country needs.
 - Q6, 7, 8: Again the GCF needs to avoid becoming the only, or even major, controller of funding and therefore need not set quantitative amounts for the GCF itself. This is particularly the case for mitigation programs/projects where all manner of private sector arrangements might develop between companies and institutional aggregators of funds with individual countries. Apart from its own funding, the GCF role might be to become the information aggregator of all funding taking place, to monitor and report to the UNFCCC on the mobilisation goal of US\$100 billion by 2020. This is essentially an accounting role, and again it should be approached from the point of view of minimising red tape.
- Workstream III
 - Q1&2: Again it is important to distinguish between funds managed directly by the GCF and those managed by the range of other multilateral and bilateral institutions, and direct arrangements between companies and countries, that all contribute to the mobilisation goal. So, in the context of the GCF own funds, it would seem most efficient and effective to borrow the systems/governance etc from an existing successful institutions (no need to re-invent the wheel here, although efficiency improvements are always possible and welcome). In relation to public funding, presumably a system of commitments by countries will emerge from UNFCCC negotiations. In relation, to attracting private

- funds to the GCF the challenge here is to target 'new' funding, not simply to compete with other international institutions with already successful models.
- o Q 3, 4, 5, 6: The private sector continues to emphasise the importance of individual countries establishing themselves, or with the help of the GCF and other institutions, a favourable framework for investment. Ultimately, this will be the most effective and efficient means of mobilising the funding needed. It would be a concern if the GCF itself began to take on the function of a financial institution by perhaps issuing bonds - this is likely to 'crowd out' rather than 'crowd in' more new funding. We would urge transparent, competitive tender processes (again there are existing successful models) where GCF funds are being used to attract private sector projects.

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