

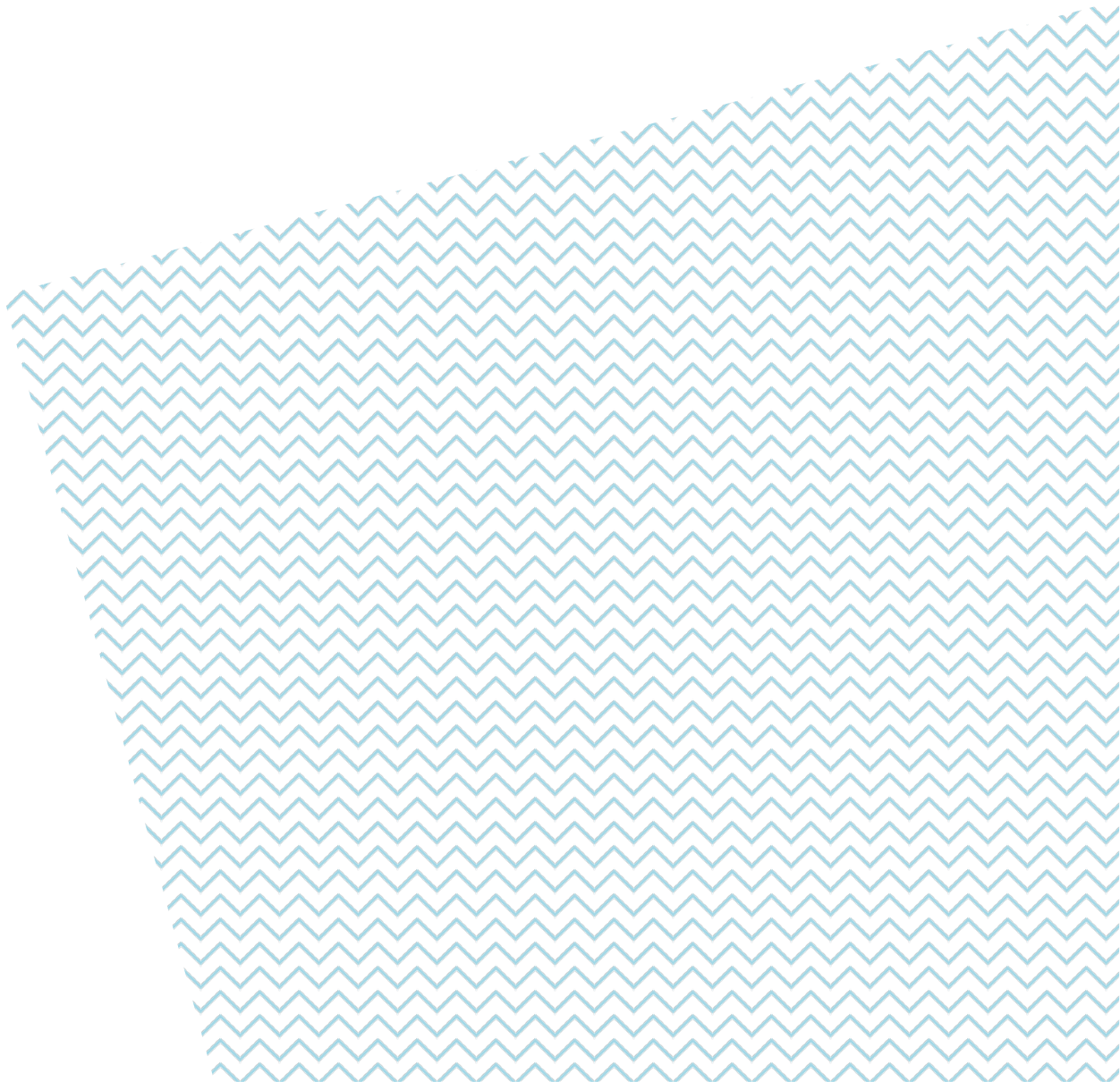


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# **The lasting impact of Technical Support Units in climate fund design**

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## Summary

The design of the new fund for loss and damage (LDF) by a Transitional Committee over 2023 stands out as a momentous event for the international climate negotiations – Small Island States have been calling for such a fund for the three decades since the formation of the United Nations Framework Convention on Climate Change, so its creation is a significant achievement. Technical and conceptual support for such an organisation is critical, particularly given the Committee has been given only one year to complete its work; this support is being provided via a Technical Support Unit (TSU) staffed by advisors seconded from existing climate funds and multilateral development agencies and banks. However, while such support is sought on the premise of providing neutrality in that it comes from neither the developed nor developing country constituencies, every organisation comes with its own perspectives, agendas, and ways of operating. The academic literature is clear that the mark of actors involved in the design of new international organisations can be seen in such organisations' later operation and behaviour (Koremenos, Lipson, and Snidal 2001; Graham and Serdaru 2020; Johnson 2013). The experience of the Green Climate Fund's (GCF's) design by another Transitional Committee over 2011 and its TSU is a good example of this – as of October 2023, the organisations that offered to second staff to the GCF Transitional Committee's TSU have been allocated almost 60 percent of the total \$12.7bn of funding allocated by the GCF to date. That a dozen organisations should so dominate GCF activities today suggests that their involvement in the GCF's design has lasting ramifications. Given the current controversy around the World Bank's involvement in the LDF, and the similar controversy around the Bank's involvement in the GCF's design, these findings suggest efforts to incorporate a diversity of perspectives will be needed if the new LDF is to not repeat this pattern in its later operation. To represent the plurality of people, communities, and countries affected by climate change, an equally diverse set of technical inputs to fund design is needed.

## The lasting impact of Technical Support Units in climate fund design

In 2022 at COP27 in Sharm el-Sheikh, countries agreed to establish a new fund for loss and damage (LDF). This decision was one of the most significant outcomes of the COP, and something Small Island States had spent the previous three decades calling for. The COP designated a Transitional Committee to be responsible for the Fund's design, and set the Transitional Committee a very tight, 12-month timeframe for its work.

In this way, the COP was repeating a process it had created twelve years earlier, at COP16 in Cancun in 2010, when it agreed to the creation of the Green Climate Fund (GCF). When the COP agreed to establish the GCF, it also designated a Transitional Committee for the Fund's design, with the same 1-year timeframe to complete the task. The experience of the GCF provides a key opportunity to reflect on the implications of this approach, to try to ensure the best outcomes for the new LDF.

The tight timeframes given to each Committee necessitated additional technical support. In both cases, the Transitional Committees are made up of negotiators, with more Committee members from developing countries than developed – 25/15 in the case of the GCF, and 14/10 for the LDF. While each Committee member might be assisted by bureaucrats and advisors from their home country, the overall work of the Committees also requires technical and conceptual support such as generating ideas, drafting proposals, and sourcing evidence to inform the Committee's work. Given the very political nature of the design of these funds, technical advice that is from neither the developed nor developing country constituencies is essential. Both Transitional Committees have thus been supported by their respective Technical Support Units (TSUs) – a small group of advisors seconded from international development agencies and banks.

These agencies can seem like obvious choices for this task, given their expertise with existing climate finance and funds, with international aid practices more broadly, and (importantly) that they are large enough to be able to provide staff via secondments at very short notice. However, every organisation comes with its own perspectives, agendas, and ways of operating. The literature on international organisations notes the influence of key actors on the ultimate behaviour and operation of new organisations (Koremenos, Lipson, and Snidal 2001; Graham and Serdaru 2020). Johnson, for example, argues that “institutional design outcomes often privilege actors who were present and proactive in the initial design stage” (2013: 185). This privilege can be seen in force in the GCF's implementation and present-day operation, as shown in Table 1, which shows how much of the GCF's funding is allocated to organisations that offered to second staff to the GCF Transitional Committee's TSU. In total, those organisations have been allocated over \$7bn of the total \$12.7bn of GCF funding allocated – almost 60 percent – as of October 2023. Three organisations – UNDP, the World Bank, and EBRD – have each been allocated more funding by the GCF (\$1.188bn, \$1.144bn, and \$1.077bn, respectively), than the total amount allocated to all national level organisations (\$1.033bn in total). One of the key drivers for the creation of a new GCF was for developing countries to have more ‘direct access’ to international climate finance – to be able to program climate funding themselves, directly, without needing to use a multilateral intermediary. The GCF has struggled from the outset to meet this ambition, and these figures show how distant this ambition remains.

**Table 1: GCF Funding Allocated to Organisations that Offered Staff to the GCF Transitional Committee's TSU**

Organisations***	Number of projects	Total allocated funding (USD)	Proportion of allocated GCF funding*
GEF secretariat	N/A	N/A	N/A
International Maritime Organisation	N/A	N/A	N/A
Organisation for Economic Cooperation & Dev'tment	N/A	N/A	N/A
UNFCCC	N/A	N/A	N/A
World Health Organisation	N/A	N/A	N/A
Caribbean Development Bank	0	\$0	0%
European Investment Bank	0	\$0	0%
UNEP	7	\$160	1%
KfW Group**	3	\$181	1%
Banque Ouest Africaine de Development	4	\$205	2%
Development Bank of Southern Africa	3	\$391	3%
African Development Bank	8	\$518	4%
Agence Francaise de Dèveloppement	7	\$639	5%
Inter-American Development Bank	8	\$762	6%
Asian Development Bank	12	\$948	7%
European Bank for Reconstruction & Development	7	\$1,077	8%
World Bank	12	\$1,144	9%
UNDP	37	\$1,188	9%
<b>Total allocated to TSU organisations</b>	<b>108</b>	<b>\$7,211M</b>	<b>57%</b>
<b>Total allocated to all organisation</b>	<b>228</b>	<b>\$12,742M</b>	<b>100%</b>

\* As of 13 October 2023, the GCF had allocated \$12.74 billion (Green Climate Fund, 2023).

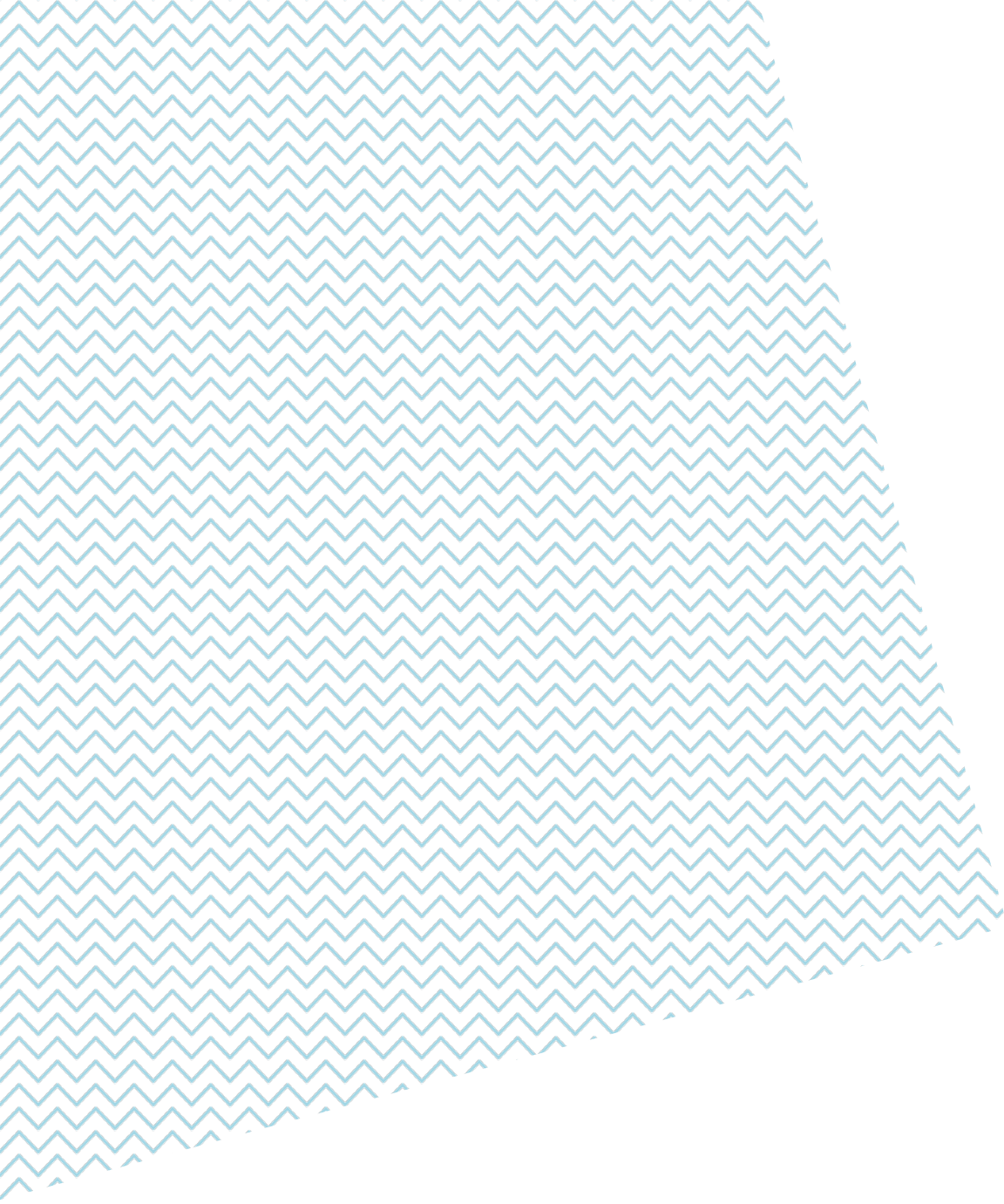
\*\* Data sourced from <https://www.greenclimate.fund/ae/kfw> as KfW is no longer accredited to the GCF

\*\*\* The tracking of precisely which organisation TSU staff came from was complicated by existing secondment arrangements of some staff (e.g., staff already under secondment from UNDP to UNFCCC) who were then seconded to the TSU, making their organisational origins somewhat ambiguous. As such, the table lists all organisations that formally offered to second staff, as per UNFCCC Transitional Committee, 2011. This means there are more organisations listed than the number of staff in the TSU.

This is not to suggest malintent on behalf of these multilateral agencies. The interests of these organisations can be furthered without any obvious action from those quarters because their ideas, beliefs and practices have been institutionalized at the GCF – the GCF's processes reflect the kinds of projects and ways of operating preferred by these organisations, in part because of their involvement in the GCF's design. This begs the question of how Table 1 might look if the GCF's Transitional Committee's TSU had included representatives from Indigenous People's organisations, civil society, academia, and so on. To represent the plurality of people, communities, and countries affected by climate change, an equally diverse set of technical inputs to Fund design is needed. Given the new LDF is also supported by a similarly constituted Technical Support Unit, efforts to incorporate a diversity of perspectives via other avenues will be needed if the new fund is to not repeat this allocation pattern.

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