NEGOTIATIONS: Green Climate Fund begins work on shaping a projected $100B effort

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Lisa Friedman, E&E reporter

A meeting of the Green Climate Fund closed in Paris yesterday with no definite date for raising money from rich countries but did emerge with some guidelines on how that still-empty pot of funding could someday be allocated, activists said.

Some environmental groups criticized the absence of dates for mobilizing cash for developing nations to reduce emissions and protect themselves from climate-induced weather disasters, and accused the United States of blocking any timeline. Others, though, called the decision practical and praised the board for starting to plan the architecture of what many hope will become the world’s most ambitious global effort to support climate adaptation and mitigation work.

"Let's be realistic. There is no way we're going to commit money before the 2014 election, so setting a firm deadline before then doesn't make sense," Center for Clean Air Policy President Ned Helme said. He argued that the priority for the Green Climate Fund now needs to be developing itself in a way that makes wealthy countries and the private sector comfortable putting dollars on the table.

"There was a recognition that if we don't start to work together and get something done, there will be no contributions," Helme said, calling the work that was accomplished this week "positive." Raising money, Helme argued, needs to be "built on trust, not arbitrary deadlines."

Wealthy countries have promised to mobilize $100 billion annually by 2020 for climate change, a still-unknown portion of which will be channeled through the Green Climate Fund. With a major annual climate change negotiating session set for November in Warsaw, Poland, industrialized nations are under increasing pressure to make pledges to the fund.

"The fact that there were no firm dates set for the capitalization and replenishment of the Green Climate Fund speaks to the lack of a sense of urgency and seriousness demonstrated by some board members," said Karen Orenstein, spokeswoman for Friends of the Earth.

"It was the U.S. -- with Australia's backing -- that blocked any real timeline," she said. "In response, one board member from Africa emotionally suggested the next meeting be held in a developing country already experiencing the devastating impacts of climate change, so that some members of the board could get a reality check."
A number of other issues are also at play, including how the fund will divide up dollars for reducing greenhouse gas emissions versus protecting communities from weather-related disasters. Also of concern to many social justice activists is what role the private sector will play and how much control companies will be given in deciding where to spend climate finance.

**Donations or a price on carbon?**

Orenstein said climate justice advocates were disappointed that the board did not split funding evenly between adaptation and mitigation.

Back in Washington, D.C., analysts also are debating similar questions. At a conference hosted by the Center for Global Development (CGD) titled "How to spend it (if we had it)," on Wednesday, Artur Cardoso de Lacerda of Brazil's Ministry of Finance argued that funding should be earmarked not for specific clean energy technology but rather to countries' clean energy strategies. He also called for "results-based" payments -- funding when countries achieve certain goals, rather than to run projects.

Billy Pizer, former Department of the Treasury deputy assistant secretary for environment and energy, argued that the fund must also allow for the whims of donor countries that greenlight funding. Pizer also highlighted performance-driven mechanisms like the Millennium Challenge Corp., which he said "tend to be very sellable to donors."

Arvind Subramanian, a senior fellow at CGD called the entire idea of industrialized countries in the North sending funding and technology to the developing South "outdated" and argued that if governments are concerned about rising global temperatures, they should instead focus on setting a price on carbon.

"If the consequence of this is less international finance, so be it. It's much more important to get this right," he said.

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