



Climate Change

Multi-billion dollar climate change fund hits barrier

Submitted by Mike on Thu, 20/10/2011 - 17:11

Plans for a multi-billion dollar fund to help developing countries deal with climate change hit a big barrier this week when countries could not agree on the design of the fund.

The decision came on Tuesday at a meeting of an international committee tasked with designing the fund in time for governments to approve the design at next month's UN climate change conference in Durban, South Africa.

Last year, negotiators from 194 nations agreed to create the "Green Climate Fund" to channel up to US\$100 billion a year by 2020 to developing countries.

Developing countries have warned that control of the fund by the donor nations – and the burden of bureaucracy that entails — would limit their ability to make good use of it.

The Least Developed Countries -- 48 of the poorest nations in Africa and Asia that are particularly vulnerable to climate change – were represented on the committee by Bangladesh and Zambia, whose negotiators have called from the outset for a radically new approach.

They argued that national climate-change trust funds in developing nations should be able to access the Green Climate Fund directly, rather than going through a third party such as the World Bank – which entails long delays, excessive paperwork and less control over what gets funded.

"Enhanced direct access would empower the recipients of support to take their destiny into their own hands, without having to have their plans and projects approved by external entities," says Dr Saleemul Huq of the International Institute for Environment and Development, which has provided technical support to the Least Developed Countries for several years.

Pa Ousman Jarju, chair of the Least Developed Countries negotiating block at the UN climate change talks says: "Enhanced direct access would allow more devolved decision-making to reflect local and national concerns and it would enable countries to integrate the funding into their national plans and strategies for dealing with climate change."

He adds: "Without enhanced direct access, poor countries will struggle to adapt to climate change as they would face immense delays to access the funding and would not have the freedom to decide how and when to spend the money."

After six months of tense negotiations, the Least Developed Countries seemed to have succeeded in their demand for provisions for direct access to be included in the final text.

But in the committee's final meeting on 18 October, the United States and Saudi Arabia withdrew their support for the overall design supported by all other countries because of concerns about other aspects of the text.

Trevor Manuel the former finance minister of South Africa, who co-chaired the meeting with Kjetil Lund of Norway, called the outcome "sub-optimal".

Germany expressed frustration and disappointment, and said that the committee's failure to agree a design "will likely result in not having the Green Climate Fund this year or the next".

Contact

Mike Shanahan

Press officer

International Institute for Environment and Development

3 Endsleigh Street

London WC1H 0DD

Tel: 44 (0) 207 388 2117

Fax: 44 (0) 207 388 2826

Email: mike.shanahan@iied.org (<mailto:mike.shanahan@iied.org>)

www.iied.org (<http://www.iied.org>)

Notes to editors

At the sixteenth Conference of Parties (COP16) to the UN Framework Convention on Climate Change in Cancun in December 2010 the developed countries agreed to set a new Green Climate Fund (GCF) to channel up to US\$100 billion a year starting from 2020

Parties to the convention also set up the fund's Transitional Committee to design how the fund would operate.

The design of the GCF is on a par with the design of the World Bank in Bretton Woods, and the LDC proposal constitutes a paradigm shift away from that system to a fairer and more effective way of international support for developing countries.

The International Institute for Environment and Development (IIED) is an independent, non-profit research institute. Set up in 1971 and based in London, IIED provides expertise and leadership in researching and achieving sustainable development (see: www.iied.org (<http://www.iied.org>)).