

Green Climate Fund

[UPSC Notes]

What is the Green Climate Fund (GCF)?

The Green Climate Fund was established in 2010 as a part of the UNFCCC's financial framework to channel funds from richer nations to developing countries in order to help them reduce climate change and adapt to its effects.

- It was formed to help disadvantaged societies adapt to the unavoidable effects of climate change by limiting or reducing greenhouse gas emissions.
- At the end of 2011, the UN Framework Convention UNFCCC accepted the Green Climate Fund as a financial mechanism in CoP 16.
- The GCF sponsors programmes that enable and promote adaptation, remediation (including REDD+), technological development and shift (including CSS), capacity development, and national data analysis.

History of Green Climate Fund

The **Copenhagen Green Climate Fund** was established in the Copenhagen Accord, which was established during the United Nations climate change conference (COP 15) in Copenhagen in 2009.

- The initiative was formally formed as a fund under the UNFCCC framework during the 2010 United Nations climate change conference in Cancun at the UNCCCC (COP 17).
- Durban, South Africa, 2011 ratified its governing instrument.
- According to a number of civil society organizations, the US and the European Union are ethically accountable for a minimum of 54% of the expense of averting climate change-related catastrophic damage.

Role of Green Climate Fund

The Green Climate Fund will use themed financing windows to support projects, services, policies, and other initiatives in developing nations.

- It is envisioned to be the foundation of attempts to raise a hundred billion dollars in annual climate finance by 2020.
- The global climate fund will boost a paradigm shift towards low emission and climate irrepressible developmental tracks by assisting developing countries in limiting or reducing their emissions of greenhouse gases and adapting to climate

change impacts, with a special focus on the needs of developing countries that are notably vulnerable to the negative effects of climate change.

- The fund will strive to maximize the impact of its climate change mitigation and adaptation assistance while also providing environmental, sociological, economic, and developmental benefits and employing the gender-sensitive methodology.

Role of the private sector

- The formation of GCF's private sector facility is one of the most disputed elements of the funds' private sector facility (PSF).
- Many of the GCF board members from industrialized countries want a PSF that appeals to capital markets, particularly pension funds as well as other investment firms that control trillions of dollars passing down Wall Street and many other financial hubs.
- They expect the firm to use a wide range of financial assets in the future.

Importance of Green Climate Fund

The importance of the Green Climate Fund is as follows:

- Climate change is one of the major concerns in the world currently.
- It has altered the planet to a large extent
- Climate change can have human, economic, and geographic consequences.
- There are solutions to control climate change but they are not financially viable for developing countries.
- That is why, Green Climate Fund will fill in the financial gap, and lead to a better environment.

Objectives of Green Climate Fund

The objective of the Green Climate Fund are as follows:

- It would help in the achievement of the objective of the United Nations Framework Convention on Climate Change (UNFCCC).
- GCF will be guided by the principles of provision of the convention.
- It would help in channeling new, adequate, additional, and predictable financial resources to developing countries.
- It would promote and strengthen the engagement at the country level
- The fund will also promote the social, environmental, economic, and development co-benefits.

Funding of Green Climate Fund

The fund has established a target of raising \$100 billion per year by 2020, although this is not an official estimate of the fund's size.

- Because of the uncertainty about whether the money would come through or not, UN Secretary-General Ban Ki-moon established a high-level advisory group on climate financing (AGS) in February 2010.
- During the initial resource mobilization period (IRM), a total of \$10.3 billion had been pledged and \$8.24 billion had been verified as of February 3, 2020.
- The lack of guaranteed funds and potential dependency on the private sector is problematic and developing economies have condemned it.

Issues Related to GCF

There are a few issues related to Green Climate Fund as follows:

- There is no indication of where the money for this fund will come from.
- There is no clear definition of the additionality of money, which has previously caused severe issues in evaluating the additionality of cutting emissions through CDM projects, resulting in inefficiency and even corruption.
- At the board meeting in 2015, the GCF failed to lower the amount set aside for fossil fuel ventures.