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SLIDES: The Green Climate Fund: Challenges and Opportunities: Some Thoughts on How the Green Climate Fund Could Close the Energy Justice Gap

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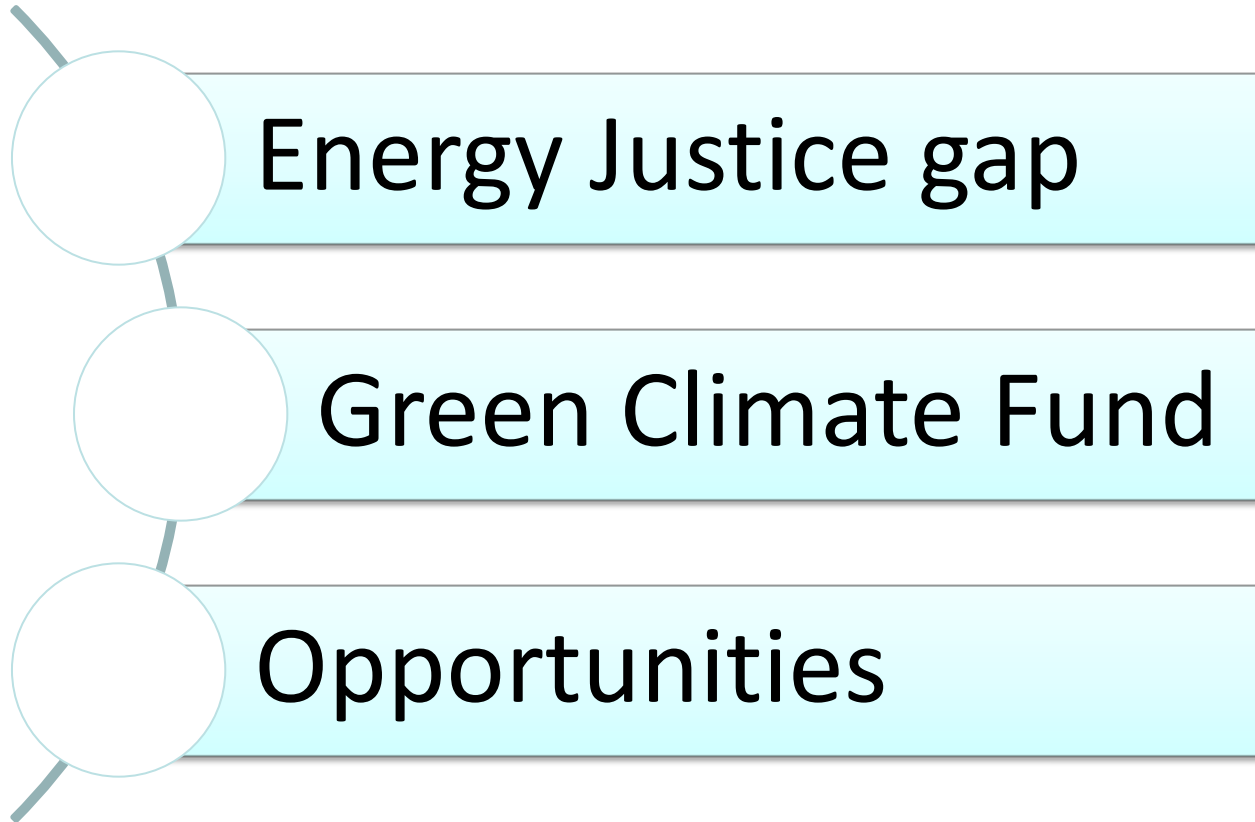


The Green Climate Fund: Challenges and Opportunities

*Some thoughts on how the Green Climate Fund
could close the Energy Justice gap*

Martin Hiller, Energy Justice conference
Boulder, 17 Sep 2012

Overview



Climate Policy

- The global climate negotiations
- Rio 1992
- UN Framework Convention on Climate Change (UNFCCC)
- Kyoto Protocol 1997 (ratified in 2005)
- Copenhagen COP 2009
- Green Climate Fund

The UNFCCC's stated purpose is to achieve

- 'the stabilization of greenhouse gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system.
- Such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner.'

(UNFCCC, Art. 2).

Negotiations – two-pronged approach

- Strong focus on emissions reductions
- Main topic because they concern ecological limits
- Demand a radical change of our energy system
- Industrialized countries - biggest energy users in the limelight

- Second focus on adaptation dealing with the consequences and impacts

Mind the gap!

- LDCs – Least Developed Countries
- SIDS - Small Island Development States
- They have smallest energy use, lowest emissions, and least defense against climate change impacts
- They focus on global emissions because of impacts
- Their voice distinctive in negotiations, both on mitigation and on adaptation
- Their influence remains small

The Energy Justice gap

- Emission reduction efforts focus on those countries with high energy use
- Adaptation concerns a broad range of issues, relevant for all countries
- **But energy is critical for development of LDCs!**
- Not just the climate talks – even the Millennium Development Goals don't mention energy
- Recognition of importance of energy for development in Johannesburg 2002 (Rio +10)

People without access to modern energy services

- Development opportunities reduced
- No emissions – not as important for funding
- Acquisition of new technology is a lengthy process
- Major obstacles:
 - Attracting investment
 - Distribution to remote areas
 - Maintaining infrastructure
 - Providing services at low cost
 - Social cost of technology change

Technology change



Green Climate Fund (GCF)

- Copenhagen Accord 2009 – now UNFCCC financial instrument
- US\$ 30bn fast start money – World Bank as interim trustee
- Period ends 2012 – prolonged
- Funding must be ‘additional’ to existing development aid

Green Climate Fund (2)

- Developed in parallel to fast start
- Established in Cancun 2010, final agreement in Durban 2011
- US\$ 100bn per year by 2020, starting 2013 and growing
- For developing countries only
- Support the ‘paradigm shift towards low-emission and climate resilient development’ – mitigation and adaptation
- Board of 24 members – 12/12 industrial/developing countries (plus 24 alternates)
- South Africa and Australia co-chairs

Funding sources

- In short: public finance mobilising private investment
- Public finance – OECD governments and their national funding agencies
- Development banks and multilateral institutions
- Carbon markets – already funding the Adaptation Fund
- Private capital – harnessed through a Private Sector Facility

How will the GCF disburse funding?

Tasks in project funding

Managing

- Strategies
- Review proposals
- Funding decision
- Accountable to funder

Implementing

- Project identification +preparation
- Approval
- Evaluation
- Accountable to manager

Executing

- Day-to-day project activities
- Procurement and contracting
- Accountable to implementer

Comparing funding models

Multinational

- Only execution at national level (GEF)

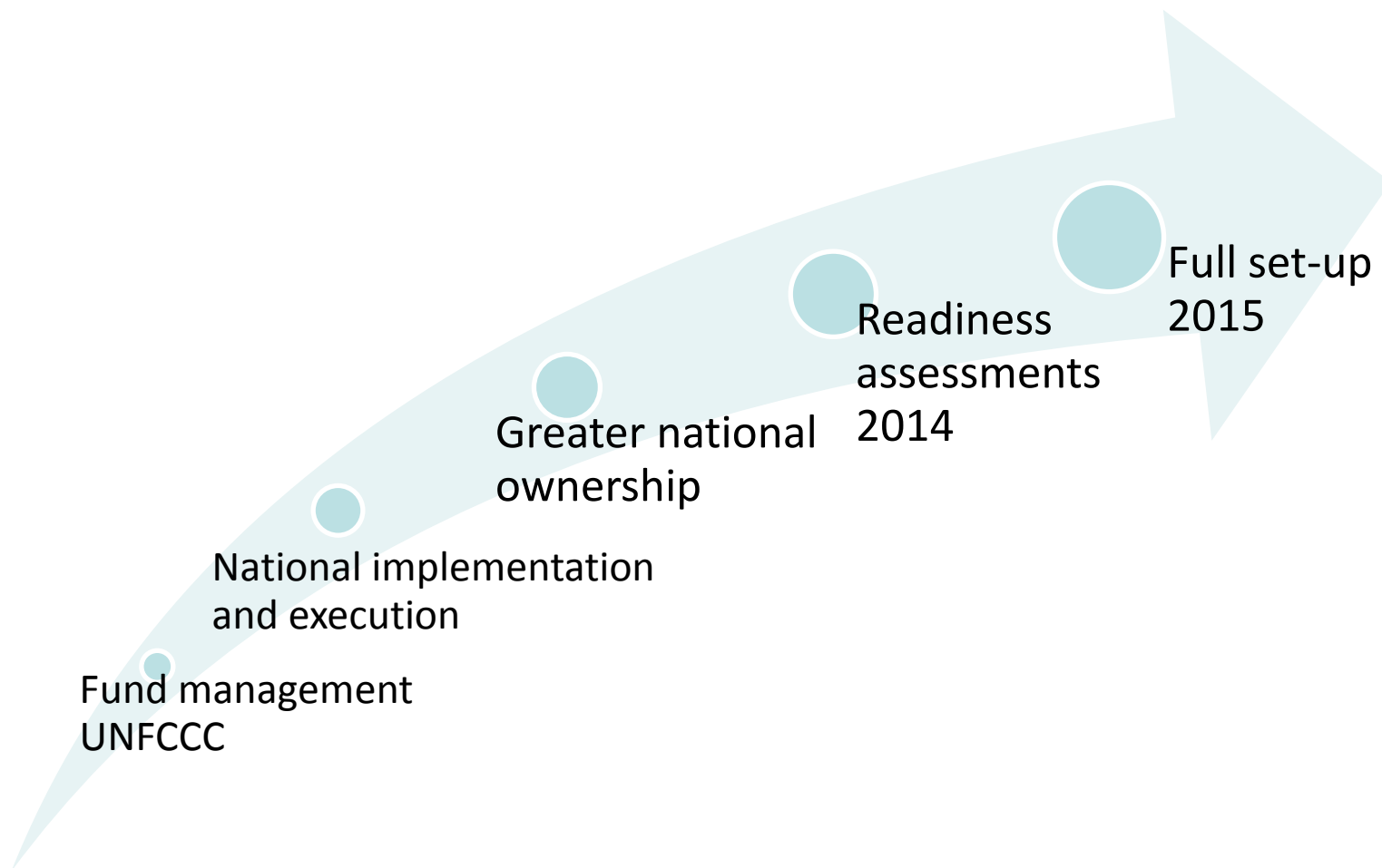
Direct Access

- Implementation and execution at national level (AF, GAVI)

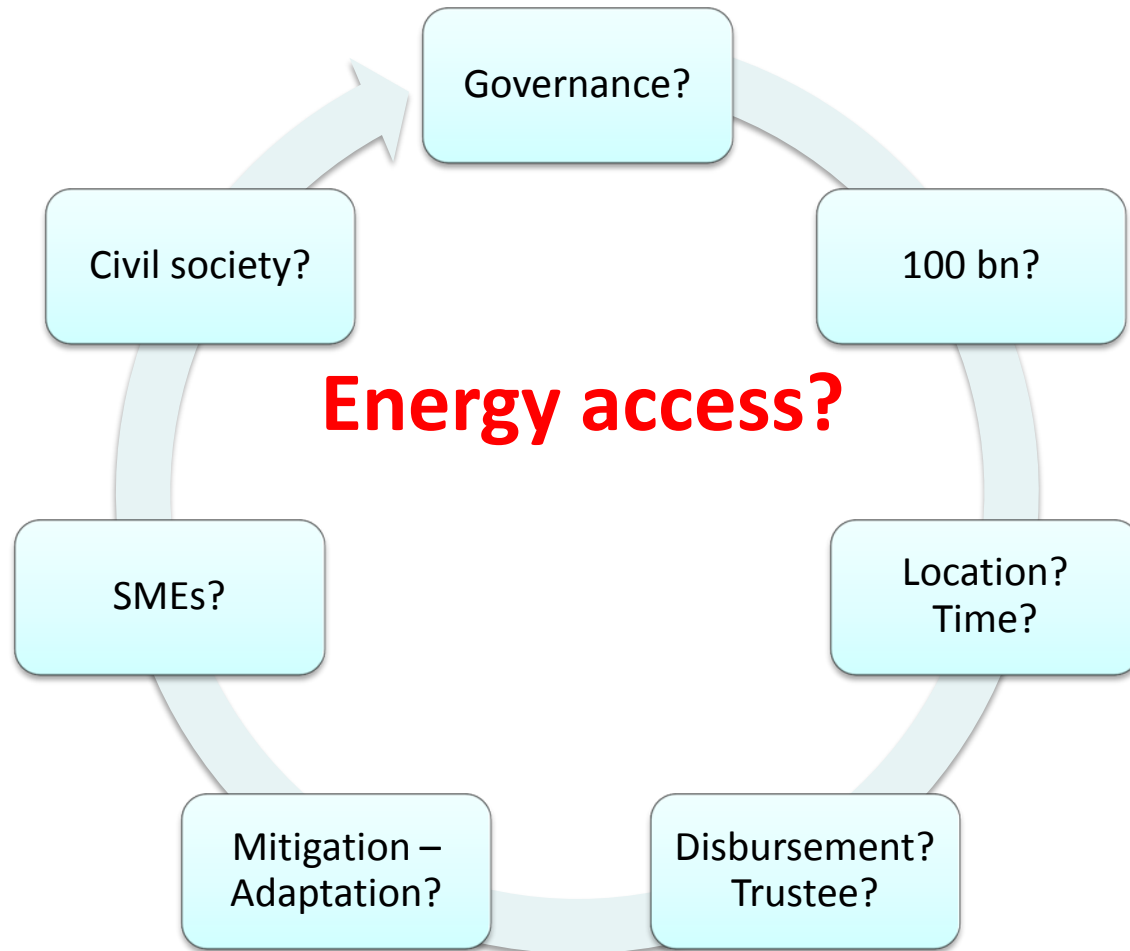
Enhanced Access

- All functions at national level

GCF fund disbursement



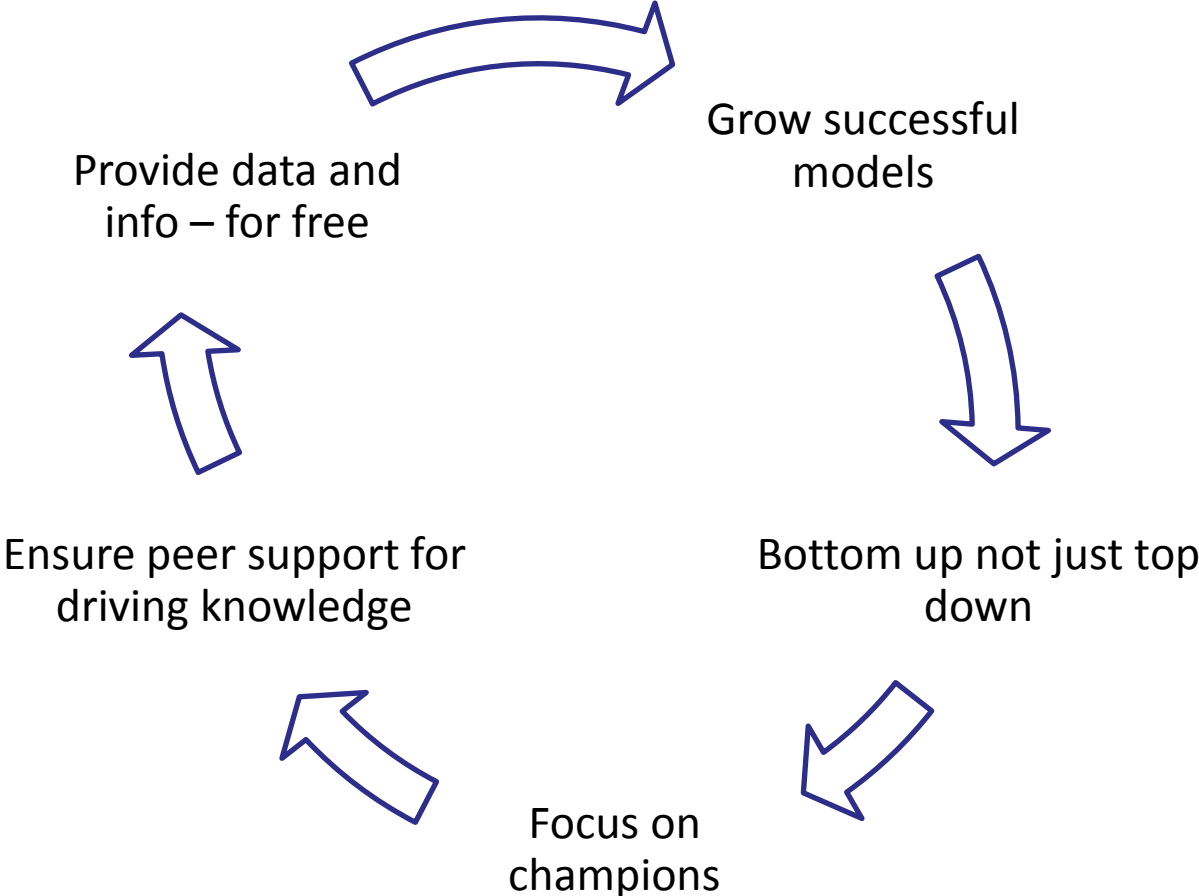
Challenges



Opportunities for energy access

- SE4A has brought the issue to the fore
- Country-wide solutions possible
- NAMAs – Nationally Appropriate Mitigation Actions on technology and business models for energy access – e.g. cook stoves in Togo
- GCF small grants facility could be a further possibility

REEEP's wish list to GCF





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