

Australia puts brakes on millions for global climate fund 'in crisis'



Former Green Climate Fund board member Jacob Waslander.

exclusive

Graham Lloyd, Environment editor, 12:00AM September 29, 2018

Australia will freeze its level of funding for a Green Climate Fund that stalled after giving millions of dollars to replace cooking stoves in Bangladesh and sponsoring “gender responsive” drinking water projects in Ethiopia.

The GCF was a critical part of the Paris Agreement but was suffering a “crisis of confidence” and unable to function.

The US has already pulled \$US2 billion (\$2.7bn) of its promised \$US3bn contribution but Australia is under pressure to contribute hundreds of millions of dollars more. The Department of Foreign Affairs and Trade said Australia had given the fund \$200 million between 2015 and 2018. And it would “consider possible further contributions” through the course of “replenishment negotiations”.

As prime minister, Bill Shorten will be immediately torn between the interests of two powerful sections of his party. But Treasurer Josh Frydenberg said yesterday: “Australia will not be increasing our commitment.”

A paper issued by the World Resources Institute this week said Australia should be the sixth biggest contributor to the fund based on its economy, past greenhouse gas emissions and current emissions per capita. This would amount to about \$400m in second-round funding.

Environment groups have said “replenishment” funding would be “a critical indicator to developing countries about whether developed countries are serious about holding up their part of the Paris Agreement bargain”. But former GCF board member Jacob Waslander has written a scathing critique of the fund’s operation. “Rather than a dynamic global centre for climate finance, the GCF board has been mired by ineffective decision-making in an atmosphere of distrust,” Mr Waslander said. “After five years of operation, the GCF — the world’s biggest multilateral climate fund — faces a crisis of confidence ... Representative from developed and developing countries, the private sector and non-governmental organisations are deeply concerned about the effectiveness and efficiency of the fund’s governance, and particularly about how its board functions.”

The last board meeting ended in stalemate with the resignation of Australian chief executive Howard Bamsley. Mr Waslander said a key problem was the board worked on the basis of unanimity, so any board member could block any decision for any reason. As a result, funding for new projects had effectively stopped.

The GCF had so far approved 76 projects worth \$US3.7bn (\$5bn) to help developing countries in their low-emission development. About half of the money was in loans and half in grants, much of it dedicated to promoting renewable energy. Most projects were in Africa and Asia Pacific.

Graham Lloyd