

Briefing

Rejoining the Green Climate Fund is an easy win for the new Australian Government's climate and foreign policy agendas

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Investment decisions today will determine whether the world can address the climate crisis and stay within a *1.5°C Paris Agreement* compatible world. A key instrument to allocating finance to the most vulnerable states is the Green Climate Fund (GCF). Established in 2010, the GCF provides assistance to vulnerable states in the form of grants and assistance to accelerate their energy transition and create resilience against climate impacts.

Australia left this multilateral institution in 2019. Its newly elected government could stand to gain on multiple fronts by reengaging to deliver on both its climate and foreign policy objectives. Australia needs a strategy which combines multilateral and bilateral approaches to climate finance.

Australia's involvement in the Green Climate Fund

The Green Climate Fund is an international fund established under the United Nations Framework Convention on Climate Change. It supports the adaptation and mitigation actions of countries that are most vulnerable to climate impacts, such as extreme weather events. It provides low-interest loans, grants, and technical assistance to developing countries.

Australia was one of the first signatories to the Green Climate Fund, but withdrew in 2019 after having contributed \$187 million. Australian diplomat Howard Bamsey ran the fund from 2017 to 2018 until Prime Minister Scott Morrison withdrew support. The first replenishment round for the Green Climate Fund commenced in 2020 and will run until 2023. Australia has so far declined to contribute, although the country took a statement to COP 26 that they would provide an additional [\\$500 million](#) to developing countries in the Pacific.

The Green Climate Fund plays a critical role in achieving the goals of the Paris agreement, including limiting warming to 1.5°C. Under the Paris Agreement, governments are expected to meet their 'fair share' contribution to the global effort to reduce emissions to reflect "common but differentiated responsibilities and respective capabilities, in the light of different national circumstances" (Paris Agreement, Article 4.3). In other words, those who have made a bigger contribution to the problem, or who have a higher capability to act, should do more.

Fair share efforts can be met through a combination of domestic mitigation efforts, and the provision of international finance, including through institutions such as the Green Climate Fund. The Green Climate Fund therefore plays a pivotal role in moving finance to support developing countries in meeting their climate targets, while assisting developed countries, such as Australia, to meet their fair share contribution.¹

The [Climate Action Tracker](#) rates Australia's climate finance as "critically insufficient" as its contributions are very low compared to its fair share.

The benefits of reengaging with the Green Climate Fund for Australia

Aside from its moral obligation as a major emitter, there are a number of reasons why Australia needs to increase its contribution and engagement on climate finance, and why the GCF is a sensible means of doing so.

The newly elected Australian Government is keen to be seen to be taking a more proactive approach to climate change. The government committed AUD 80 million over 4 years to the Global Environment Facility (GEF)² as part of the AUD 2 billion climate finance package 2020-2025. To quote, the Minister for the Environment and Water, the Hon Tanya Plibersek:

"The new Australian government understands the urgency of the environmental challenges facing our planet, and we are committed to being a leader in the global fight to solve them."

¹ See Climate Action Tracker for more details on [fair share](#) contributions and [finance](#).

² The [GEF](#) is a finance organization providing grants projects related to biodiversity, chemicals and waste, climate change, international waters, land degradation, food security, sustainable forest management and sustainable cities.

“This includes working closely with our Indo-Pacific neighbours to address the impacts of climate change...”

Indeed, as the now foreign minister, Penny Wong, previously indicated when in opposition, Australia would be willing to work with multilateral organisations [including the GCF](#) to combat global warming.

The new government updated its [Nationally Determined Contribution](#) (NDC) in June 2022 noting Australia is “committed to working closely with our Pacific family” to address climate crisis, including jointly hosting a UNFCCC conference of parties (COP) in the future.

Rejoining the GCF, alongside the new 2030 emissions reduction target,³ would send a strong message that Australia is committed to supporting its Pacific Island neighbours on the issue of climate change. This could represent a ‘reset’ of relations in the region, which would be beneficial to all parties.

Regional security in the Pacific was also an important issue in the recent 2022 Australian elections. In the 2018 [Boe Declaration](#) on Regional Security, Pacific Island leaders were explicit that climate change is “the single greatest threat to the livelihood, security and well-being of Pacific people”. Reengaging with the GCF offers benefits to Australia’s foreign policy in the Pacific, such as:

- Reinforcing Australia’s commitment to multilateralism on an issue that is at the heart of security in the Pacific.
- Improving the strategic alignment of other forms of Australian development assistance with the pipeline of GCF projects in the region, improving its effectiveness.
- Reducing the administrative burden on already capacity-constrained Pacific Small Island Developing States (PSIDS).
- Enabling Australia’s bilateral support on climate change to focus on specific issues, and on enhancing existing regional mechanisms and structures, including innovative research collaborations.
- Engaging at GCF board level would enable Australia to play the role of an active advocate for the needs of the wider Pacific, including faster and more efficient access to climate finance.
- Providing a platform to address shared interests with the Pacific; for example, the climate-ocean nexus, where knowledge and expertise can be exchanged.

³ The government committed to a new target of 43% emissions reduction below 2005 levels by 2030.

The Green Climate Fund has previously been criticised as being slow to approve and establish projects (Rumney and Jessop 2021; Djabare et al. 2021), and for not meeting its own quotas for the provision of finance to least developed countries and small island developing states (Djabare et al. 2021). Reengaging with the GCF would enable Australia to show global leadership in responding to the challenges that the GCF faces, while helping to ensure that the Fund is fit-for-purpose in a Pacific island context. Bilateral funding provided by Australia could then be used by PSIDS to help overcome access issues or fund projects less suited to existing finance modalities.

It is evident that the new Government of Australia is keen to reset its fractured relationship with the Pacific, and is committed to increasing support to address climate change in the region. While this is to be welcomed, it needs to avoid slipping back into paternalistic thinking, underpinned by bilateral climate finance alone. Working as an equal partner within the Pacific region will require both multilateral and bilateral approaches.

Rejoining the GCF would send a strong signal that Australia wants a new type of relationship with its neighbours, a key part of which is showing that it is prepared to play a leadership role to support the region on the global stage.

How is the Green Climate Fund governed?

The fund is governed by a board which has full responsibility for funding decisions (GCF 2011). The board is composed of 24 members split evenly between developing and developed countries. The representatives from developing countries include members from least developed countries and small island developing states. Each board member has an alternate member who serves in the primary member's absence. Two-thirds of board members must be present at a meeting.

Which countries have contributed?

The GCF has raised USD 37.1 billion (27.1 bn co-financing and 10 bn GCF funding).⁴ So far USD 2.3 bn has been disbursed for implementation by the GCF. This includes pledges of over a billion dollars by countries such as France, Germany, Japan, UK and US.

⁴ <https://www.greenclimate.fund/sites/default/files/document/20220412-arr2021.pdf>

The first replenishment conference occurred in 2019 and has confirmed contributions of \$9.7 billion from 34 contributors. Those contributing over \$1 billion included France, Germany, Japan, and UK (GCF 2022).

What has it funded?

A total of 190 projects have been approved and 152 projects are under implementation by the Green Climate Fund.⁵ These include mitigation and adaptation funds across developing, least developed countries and small island developing states.

Of particular importance for Australia are the 79 projects approved in the Asia Pacific region, amounting to USD \$3 480 million.

The GCF is a key source of finance for the Pacific nations that are most affected by climate change. The GCF has provided financing to the Pacific Island nations of Tuvalu, Kiribati, and the Marshall Islands, which have used the funding to help them transition to cleaner energy sources.

Australia can support these efforts to accelerate their energy transition and create resilience against climate impacts in its region.

References

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⁵ <https://www.greenclimate.fund/sites/default/files/document/20220412-arr2021.pdf>