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VIEW : Green Climate Fund — the saving grace? — Farrukh Iqbal Khan

One wonders, if Greek mythology were to be written in the 21st century, the hydra, in all probability, would not be a monster but rather climate change having a long tail of disillusionment

Who could have thought that the Arctic ice would turn into a big slush, small islands like Kiribati would be looking for land in other countries to relocate their population and Lake Chad, a source of fresh water and livelihood for six African nations, would shrink to the size of Manhattan?

Melting icecaps, sweeping floods, growing heat waves, erratic rainfall and submerging islands are being reported every day. Clearly, the ecological health of the planet is under multitudes of climatic threats. Global emissions hit a record high in 2011 — nearly 34.7 billion tons of carbon dioxide was pumped daily into the atmosphere; global average temperature has shot up by more than 0.75 degrees. The existential threat to small islands and low-lying coastal states is quadrupling every day. Water tables in Africa are receding, compounded by droughts. Besides, there has been a series of devastating climatic events ranging from unprecedented floods in Pakistan to the heat wave in Russia. One wonders, if Greek mythology were to be written in the 21st century, the hydra, in all probability, would not be a monster but rather climate change having a long tail of disillusionment that the UN-led climate talks leave behind every year in failing to curb the relentless buildup of greenhouse gas emissions.

The Herculean effort needed to arrest these trends is missing. If the present state of destruction in the Arctic is the result of a 0.75-degree temperature increase, imagine the shape of things to come when the temperature increases by two degrees or more and in the not so distant future. The Copenhagen pledges could accelerate global warming to four degrees or more rather than keeping it to two degrees or less.

The unfolding climate catastrophe is taking place on the eve of two important events: the climate change talks in Bangkok this week to be followed by its annual jamboree in Doha and the first meeting of the Green Climate Fund Board (GCF), which took place in Geneva.

It is difficult to pin hopes on either. Any immediate global breakthrough, especially in curbing greenhouse gases at the climate talks seems like a far cry. As for the Fund, the stark reality is that it is still empty. Notwithstanding the cynicism that becomes second nature for those following the climate change talks, the emergence of the GCF despite several months of haggling amongst the UN parties in choosing who amongst them was most qualified to sit on its board, was a clear sign of hope and the potential that it represents.

The Fund, established at the Durban Conference in December last year after nearly seven years of fits and starts in the negotiations, is tipped to channel a significant portion of the agreed Copenhagen pledge (\$ 100 billion per year) towards the developing world's mitigation and adaptation actions. Conservative global estimates though indicate that developing countries alone would require between \$ 100-200 billion annually to ward off the additional cost of managing the risks they face from climate change and to which they have contributed very little.

The 24-member board is tasked to evolve its business model. The institutional aspects of the Fund would take more time than the world may expect. One of the key challenges before the board is to build an institutional edifice that conforms to seven years of conversation and expectation.

The most crucial aspect of negotiations over the past seven years had been that this new climate finance vehicle would have the capacity to channel at least three to four times more than the existing ones. For instance, if we take the Global Environment Facility as the reference point, which channels roughly three to four billion dollars annually, the Green Fund should have the capacity and ability to channel more than \$ 20 billion annually at the very least. The planning and institutional arrangements by the board must take this into account.

Another crucial step that the board will have to take in the near future is to rectify the most glaring flaw in the existing climate finance vehicles: they all operate in silos, which has been a serious impediment in achieving

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the desired results from both mitigation and adaptation. The Fund must emerge as a premier institution for the delivery of climate finance by forging alliances that are complementary to other institutions and funds. It must become a global leader in setting standards and policies towards channelling climate finance.

Besides, engagement with the private sector is vital to putting into operation its innovative Private Sector Facility (PSF). It should though be clear that there is very little experience available with any global institution in leveraging money through the private sector on a large scale. It is even more challenging to draw a balance between profit and the objective of staying below the two-degree temperature goal. Also, there are virtually no financial instruments that can target low income, least developed and small island countries. The board could identify market-based tools as a starter through a private sector advisory committee with robust monitoring of such financial intermediaries to ensure that private climate finance is aligned with developing countries' priorities. As experience is gathered, the board could issue guarantees and bonds to private entrepreneurs without 'commodifying' climate change. It must evolve ways to match local entrepreneurs with those from Wall Street and London to ensure mobilisation of financial resources at a national level.

Ensuring a transformation in the global economic system, deviating the globe from high carbon pathways to low carbon trajectories by empowering countries to determine such pathways would be its single most important achievement. In this regard, the board must provide enhanced ways in which countries could access financing without the intermediation of international agencies. It should seek to promote giving a greater role to entities at the national level in taking charge of their climate change challenges. Two options are already available in this regard: national entities as promoted by the Adaptation Fund and established national funds on climate change.

Finally, the board must visualise the GCF to get ever closer to the people, communities and the countries affected by the adverse impacts of climate change. Its institutional arrangements cannot and must not be restricted to its seat in one given country, as a majority of the funds do. It must over time expand and evolve its regional hubs in all continents, particularly in Africa and Asia.

The writer is the lead negotiator for the Pakistan delegation to the UN Climate talks. He is an alternate member of the Green Climate Fund Board and has also served as the chairperson of the Adaptation Fund

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