

Climate funding held hostage by advanced states

While talks on climate operational funds come to a conclusion, the dispute over a globally binding agreement on emission reduction may render the overall scheme ineffective by the close of the 17th UN Climate Conference.

Insisting on "a balanced package" that requires developing countries to put in place ambitious targets in emission reduction, developed countries have committed to financing a Green Climate Fund that would be the backbone of climate projects under the UN Framework for the Climate Change Conference (UNFCCC).

Delegates have agreed on the design of a financial entity to operate the fund, but nothing has been agreed on concerning a financing mechanism.

"The latest statement from the developed countries is that there would be no deal on finance," said chief Indonesian negotiator Tazwin Hanif during the conference in Durban, South Africa, on Thursday.

Brokered by the United States, the UN climate conference in Cancun, Mexico, mandated the establishment of the fund to secure efforts by developing countries to cut emissions, also known as mitigation projects. The scheme regulates that countries raise climate finances, due to scale up to US\$100 billion annually by 2020 from various sources for the projects. In the short term, a fast-track financing of \$30 billion is scheduled by 2012.

Negotiators and observers view the operation of the financial entity as the only feasible outcome of Durban. The impasse on legal issues, however, has stalled pledges by the US and the European Union (EU) to put anything on the table.

The US said the Green Climate Fund would only move forward as part of a package, which is to create more transparency on measurable, reportable and verifiable greenhouse gas mitigation (MRV) and more ambitious emission targets from developing countries. It has also required that the majority of the fund would come from private entities without causing any setback to the companies.

US Special Envoy on Climate Change Todd Stern said most donor countries were not prepared to make funds available yet, since no mechanism had been put in place.

There is also dispute on the sources of the funding. While developing countries expect public money from developed nations to aid the scheme, industrialized countries want most of the money to come from the private sector.

The EU has proposed the taxing of shipping and aviation industries to provide funding, which was considered a business barrier and thus rejected by the US.

The EU Commissioner for Climate Action, Connie Hedegaard, denied that the rejection to provide climate funding was permanent.

"The [EU] commission today in Brussels presented a proposal for our external action budget for the period 2014-2020 and there is a significant increase in the contributions for climate change," she said.

Indonesia's special envoy for climate change Rachmat Witoelar suggested that countries move forward to adopt the second commitment of the Kyoto treaty, while urging developed countries that have rejected the protocol to soon establish national mitigation actions and commitments.

"It is our moral obligation that the world will not suffer from a climate change crisis," he said.