

After Biden's win, Australia needs to recommit to the UN Green Climate Fund

by Jonathan Pickering and Paul Mitchell

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Australia joined the UN Green Climate Fund in 2014, but lost its board seat at the end of 2019

Photo Credit: *The Office of the Minister for Foreign Affairs*

Now Joe Biden is on track to be the next US president, there has been plenty of **speculation** about what this means for Australia's policies on climate change.

Biden **promises** to achieve a 100% clean energy economy and reach net-zero emissions in the US no later than 2050. This puts Australia – which is **ranked among the worst** of the G20 members on climate policies – under pressure to revisit its **paltry greenhouse gas emissions targets for 2030** and to commit to reaching net zero by 2050 as well.

But emissions targets are only part of the story. Another important area where the US election could make a difference involves climate finance: when rich countries channel money to help low-income countries deal with climate change and cut their emissions.

Biden's win could be a timely opportunity for Australia to save face and rejoin the **UN Green Climate Fund (GCF)**, the main multilateral vehicle for deploying climate finance.

Australia's initial commitment to the Green Climate Fund

Under the Paris Agreement, developed countries, including Australia, have **committed** to mobilise US\$100 billion a year in climate finance by 2020.

Of this, US\$20 billion has been formally **pledged** to the GCF. The rest of what countries have committed so far is spread across a **range** of bilateral partnerships (typically through aid programs), other multilateral channels such as the World Bank, and private investment.

In 2014 Obama **committed** US\$3 billion to the GCF, but only transferred the first US\$1 billion before President Trump **cancelled** the remainder in 2017. Biden

has **pledged** to fulfil Obama's original commitment.

Australia, under the Abbott government, eventually decided to support the fund, committing **A\$200 million** in 2014 and co-chairing its board for much of its early stages.

Australia steps back

When the fund called for new commitments in 2018, Prime Minister Scott Morrison **announced** over talkback radio that Australia would not “tip money into that big climate fund”. Australia lost its board seat at the end of 2019.

Minister for Foreign Affairs Marise Payne **elaborated** at the time:

it is our assessment that there are significant challenges with [the fund's] governance and operational model which are impacting its effectiveness.

Australia stood by — and even **exceeded** — its overall pledge to provide A\$1 billion in climate finance over five years to 2020, but it **opted** to provide this assistance through other channels, mainly bilateral partnerships with governments in neighbouring countries, including **A\$300 million** for the Pacific.

Even so, Australia's stepback from the fund was condemned by **Pacific island countries**, whose populations are among the most vulnerable to the impacts of climate change, and who are **strong supporters** of the fund.

The cast has changed – will the script stay the same?

Our **2017 research** on Australia's climate finance commitments found pressure from the US – not least during **Obama's visit** to Australia in 2014 – and other countries ultimately served as a catalyst for Prime Minister Tony Abbott to overcome his reluctance to contribute.

Subsequently, the Trump administration's recalcitrance on climate change appears to have given the Morrison government cover to resist international pressure and pull out of it.

Now that the cast has changed again, can we expect Australia to rejoin the fund?

There are **signs** Morrison's rhetoric on climate change has shifted compared to Abbott's. But this hasn't **translated** into a major policy shift, and he still faces **intense pressure** from the coalition's right wing to do as little as possible.

However, as one of the more moderate members of the Liberal Party, Minister for

Foreign Affairs Marise Payne can be expected to appreciate the **diplomatic value** of recommitting to the GCF. After the government's recent audit of multilateral organisations, Payne **observed** that multilateralism through strong and transparent institutions "serves Australia's interests".

Is the GCF still worth investing in?

Two other key variables are how the GCF and the broader global context have evolved.

In 2014, the GCF hadn't yet delivered any money to developing countries. Since then, work on the ground has got underway, but the fund has faced **criticism** around its governance and slow disbursement.

Progress has been **hampered** by recurring disagreements between board members from developed and developing countries over the direction of the fund. However, some of the issues that were more acute in 2018 (when Australia decided not to recommit) have now been addressed. In 2019 the Board adopted a four-fifths **majority voting system** to be used to break deadlocks where consensus can't be reached. This has enabled the Board to significantly increase project approvals and policy reforms. Recommendations from an independent **review of the Fund's performance** conducted in 2019 have been **accepted by the Secretariat**. If endorsed by the Board, these recommendations should help to strengthen systems and processes by delegating more authority to the fund's secretariat and increasing recipient countries' direct access to the fund's resources.

Progress on governance reforms **contributed to the successful replenishment** and to the **doubling of previous commitments** by a number of contributing countries, including France, Germany, Norway and the UK. This can be read as a vote of confidence in the fund's capacity to deliver results and leverage private resources more efficiently than dozens of bilateral funding channels. While political factors inevitably play a role in these funding decisions, the conservative UK government's increased commitment for the fund is consistent with annual departmental **reviews** of its performance.

While on the fund's board, Australia was a persistent **advocate** for robust decision-making processes. But it won't be in a position to shape the fund's governance for the better unless it recommits.

Global momentum on climate action and the COVID-19 wild card

Pressure on Australia from Biden will be backed up by the global **momentum** for climate action, which has built up since the Obama administration.

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While Australia has pledged a further **A\$500 million** for the Pacific from 2020 onwards, its overall A\$1 billion commitment, which extends across the Indo-Pacific and beyond, expires this year. Many countries are also due to **update** their emissions targets under the Paris Agreement ahead of a major summit in 2021.

But COVID-19 is a wild card. It has placed **new demands** on development assistance programs and national budgets in Australia and elsewhere.

Still, **Australia has fared much better** in the pandemic than many other countries so far, while also running an **aid budget** lower than many of its peers. This means Australia can hardly justify going slow on funding when climate change poses a growing threat.

Ramping up its overall commitment to climate finance – and renewing its support for the leading multilateral fund in this area – will be an important sign that Australia is ready to play its part.

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Link:

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