

Right second time: Australia thaws on the Green Climate Fund

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Here's a large understatement: it cannot have been easy for the government to reverse its decision on participation in the UN Green Climate Fund, as just [announced](#) at the UN climate change conference in Lima, Peru. Australia will, after all, make a proportionate contribution to the climate fund: A\$200 million over four years. At about US\$165 million, this amounts to around 1.7 per cent of the fund's initial US\$10 billion funding target. That is about where we would normally stand in a multilateral fund, even if [some estimates](#) of Australia's fair share in this particular fund put it somewhat higher, at around 2-3 per cent.

One can only wonder about the internal party politics, but what matters is the outcome, not the process. The contribution should be welcomed without reservation as an appropriate one and a signal that Australia's aid program will, after all, continue to play a significant role in supporting international action on climate change. Together with an earlier and weaker signal, namely Australia's [contribution](#) to the most recent replenishment of the Global Environment Facility, Australia's contribution to the climate fund also indicates a firming (if still [selective](#)) commitment to multilateralism in the field of environmental protection and management.

The government has not restricted Australia's climate fund contribution to the funding of adaptation programs, as we [thought](#) it might have to do in order to preserve face. The Prime Minister, and less clearly Julie Bishop's [press release](#), has indicated that the funding will be 'strictly invested in practical projects in our region', which suggests some geographical earmarking. That might not be possible in practice but, even if the government does insist on such earmarking as a condition of its contribution, as it apparently did in its contribution to the [Global Innovation Fund](#), the restriction is hardly very tight and would not overly constrain flexibility in the overall management of the fund's resources.

The funding will of course come from Australia's aid budget. Some believe it should come from elsewhere, but most donors are drawing their climate fund contributions from their aid budgets and there are good grounds for doing so. Australia has until recently found space within its A\$5 billion aid budget for annual spending of around A\$200 million on climate change adaptation and mitigation programs, so it can continue to do so without detriment to other development programs.