

## RIFS-Blogpost

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### Part 2

## The Green Climate Fund as a Bridge Between the Global North and the Global South

[In my last blog post](#) I wrote about the problems of international cooperation in general and with respect to the North-South division in climate negotiations more specifically. I claimed that the [Green Climate Fund \(GCF\)](#) can play an important role in bridging the gap between the Global North and the Global South. The GCF is a relatively new international organization established under the UNFCCC and is based in South Korea. Its purpose is to collect contributions from member countries and mobilize private capital in order to finance climate projects in the Global South. [As I have argued previously](#), the GCF boasts some important institutional innovations that distinguish it from other international financial institutions such as the IMF and the World Bank. Most importantly, in GCF decision-making there is parity between donor countries in the Global North and recipient countries in the Global South.

### 1 Climate justice and North-South parity

All major decisions, and in particular decisions on project funding, are made by a board consisting of twelve members from developed and twelve from developing countries. The parity of this board reflects not just a moral obligation towards those countries in the Global South that are most severely affected by the climate crisis, but also the generally stronger role and self-confidence of developing and emerging countries on the global stage. In fact, the GCF can be seen as a laboratory of an international organization that is not dominated by the "developed" OECD-world anymore. While most decisions in the GCF are made by consensus, a voting mechanism was introduced in 2019. It allows a qualified majority of 80% to approve projects unless four or more countries from the group of developed or developing countries object. This is an important difference compared to less democratic international financial organization such as the World Bank and the IMF, where voting rights are awarded according to the shareholder principle of how much a country has paid in.

### 2 The problems of parity

While this approach to decision-making is a good thing, challenges remain. For many years, heated disputes at GCF board meetings have slowed decision-making. More fundamentally, financing and necessary regular replenishments remain the Achilles heel of the GCF. Some donors are reluctant to honor and renew promised contributions to an international organization whose funding decisions they cannot control. In fact, the US has contributed only one third of its promised initial pledge of 3 billion USD and completely abstained from making its first replenishment in 2019. As then US board member Okamoto stated, "[replenishment is a donor driven process](#)". This reluctance makes it important that civil society actors in donor countries push the issues of global climate justice and solidarity and compel governments to fulfil their commitments in the second GCF replenishment round.

**! Zum Aktualisieren der Textelemente, Zitation markieren und dann F9 drücken !**

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### **3 COP 27 and loss and damages**

There is an important role for the GCF to play in efforts to address the emerging issue of loss and damages. Discussions on how countries in the Global South can shoulder the financial burdens imposed by climate change impacts took center-stage at COP27. The unfolding climate crisis is driven by historical emissions of CO<sub>2</sub> from the industrialized countries and a handful of emerging economies such as China and India. It is their responsibility to compensate countries in the Global South that are suffering the consequences of their past and present pollution. During the COP, a loss and damage fund was proposed to help countries suffering from severe disasters such as flooding. Germany has pledged a first contribution of 170 million USD and other countries in the Global North will hopefully follow soon. How such a fund would operate was left open, and hopefully the GCF can play a role here.

### **4 The GCF as a loss and damage fund?**

Instead of setting up a completely new fund, it might be easier and better to expand the GCF mandate on climate adaptation to include loss and damage. Despite its problems, the GCF is relatively well positioned to take on this task. In fact, the challenges and teething problems the GCF has faced since it was established show that it is not easy to set up a new international organization – in particular one that is based on parity and includes many stakeholders. There is no reason to believe that a new loss and damage fund would have a smoother ride. This new role could also help to make the GCF a more substantial and nimbler organization. Indeed, the GCF's sluggishness is largely due to bureaucratic processes and its focus on large projects with planning horizons of 20-30 years. Taking on the responsibility to respond rapidly to climate-related disasters could bring about changes that would speed up processes across the GCF. Given the problems the GCF is facing, this may seem overly optimistic, but as a laboratory for equitable North-South relations, the GCF is our best option at present.