Climate activists protesting against the coal industry in Warsaw, Poland, during the climate change talks.

The money troubles that have engulfed climate change talks

The bid to slow down climate change has now come down to money. Climate change activists have accused the industrialised countries of privatising the issue of climate change by making it a matter to be dealt with by big corporates who emit the gases that have brought untold suffering to poor countries, particularly in Africa. At a recent meeting in Warsaw, Poland, climate activists were vociferous in pointing out that poor Africans were being cheated by the industrialised countries in the efforts to reduce the effects of climate change while the corporate sector pretty much said it was helpless in the situation. MANTOE PHAKATHI reports.

As the race to 2015 intensifies, where countries are expected to reach a legally-binding global agreement on climate change, the scramble for the climate finance cake is heating up.

While civil society organisations are calling for climate change funding to go directly to poor countries as grants, multinational conglomerates also want a fair share of the money that is negotiated at the United Nations Framework Convention on Climate Change (UNFCCC).

In 2009, at the Danish capital of Copenhagen, the 37 developed states pledged to mobilise US$100 billion by 2020 to help poor countries to adapt to the impact of climate change.

That was on top of start-up finance of US$30 billion between 2010 and 2012. But before there is even money in the bank, big corporations are already angling for the cash saying they are a part of the solution in as much as they are responsible for causing climate change.

At the recent UNFCCC 19th Conference of the Parties (COP 19), in Warsaw, Poland, business interests were clearly defined in the climate agenda although they were not well-received by developing states.

While COP 19 did not deliver much of the expectations of poor countries hard hit by climate change, like Swaziland, it set a path to further negotiation in the capital of Peru, Lima, next year before a possible treaty on climate change in Paris, France, in 2015.

Delegates going for the fortnight long conference at Warsaw National Stadium.

According to African Group of Negotiators (AGN) outgoing chairperson, Emmanuel Dlamini, poor countries wanted their rich counterparts to commit E20 billion towards the Green Climate Fund (GCF) by 2014 but very few of them were forthcoming with the cash.

"They (developed countries) kept talking about how they hoped to raise funds in 2020. But what happens between now and then?" wondered Dlamini who is also the director of Swaziland Meteorological Services.

Only Germany, United Kingdom, Switzerland and South Korea put down a total of US$1 billion dollars towards the GCF.

The GCF is a new multilateral fund that was endorsed by member states at the 2010 UNFCCC's COP 16 held in Cancun, Mexico.

The GCF's purpose is to make a significant contribution to the global efforts to limit warming to two degrees Celsius by providing support to developing countries to help limit or reduce their greenhouse gas emissions, and to adapt to the unavoidable impacts of climate change.


Green Peace International executive director, Kumi Naidoo.

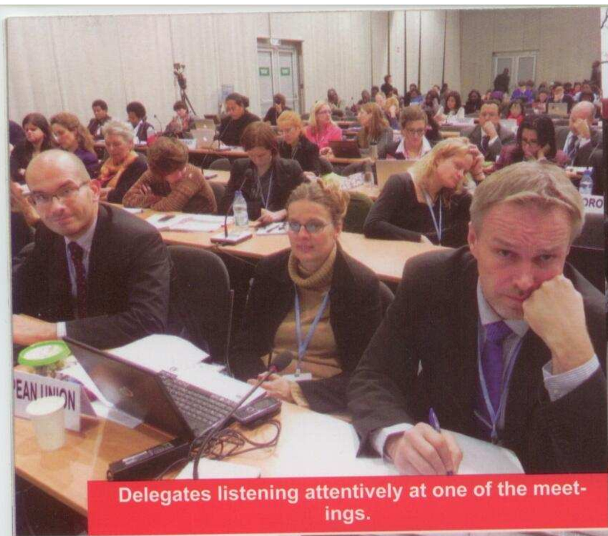
But up to now, the GCF, which Tanzanian President Jakaya Kikwete called an "empty shell" is still broke because it is not receiving funds from the industrialised countries, which are largely responsible for the Green House Gas (GHG) emissions causing climate change.

Corporate institutions say it is not possible to provide funds for the GCF through public funding, much against the call by developing states who argue that governments from rich countries should raise the money.

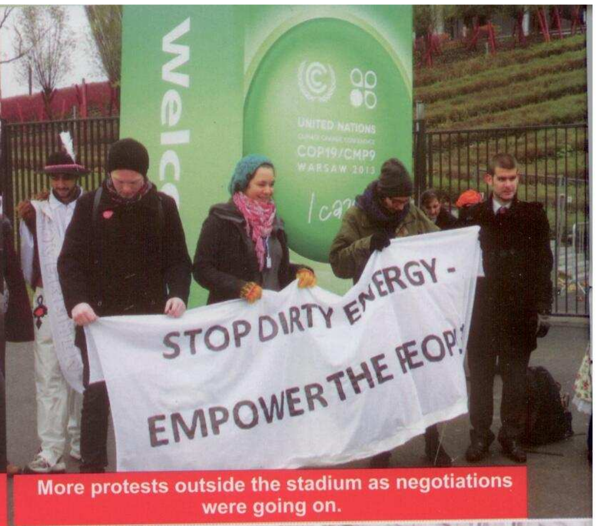
"We need to be open minded about it," said Standard Bank Head of Carbon Sales and Trading, Geoff Sinclair at a business forum held in parallel with COP19, adding: "Where are the governments going to get the 100 billion dollars if the private sector does not come on board?"

Funding the GCF through taxpayers is not sustainable, said Henning Wuester, the senior manager at the GCF interim secretariat.

He said there is a need for public finance



Delegates listening attentively at one of the meetings.



More protests outside the stadium as negotiations were going on.

to go to the GCF at the initial stages to assist with grants but the private sector needs to play a role in offering loans to countries so that they may come up with the technologies to help them adapt and mitigate.

And what happens to poor countries, asked a climate activist, who are in desperate need of clean technologies that would help in their development without adding any further carbon footprint but are too poor to pay?

"It's a complicated problem," said Sinclair.

"That is the reason why it's still difficult to implement projects in developing countries because you spend the same amount on overheads for a bigger project in their developed counterparts."

More protests.

He said it is very difficult to do business in poor countries because of other issues such as political instability.

For instance, he said while development institutions might sympathise with the people from the Central African Republic (CAR), it would be difficult to fund a project aimed at reducing the impact of climate change in that country.

"Yes, the people are poor but what do we do?" he shrugged.

Financial institutions were very clear that the rules of the game are not likely to change simply because they are financing climate change projects.

It is business where they are going to make profit but at the same time contribute to the climate change response by helping countries mitigate and adapt to the impact.

Also jumping into the bandwagon is the notorious coal industry, which is synonymous with pollution.

At a Coal Summit at the sidelines of COP 19, Godfrey Gomwe, the chief executive officer at Anglo America in South Africa told policy makers, executives and environmentalists, that the industry was ready to introduce "clean coal" should they get funding from the climate finance.

Gomwe said while there is a growing demand for energy, coal is also responsible for the bulk of the global emissions.

Responding to sceptics who say coal could be easily replaced by renewable energy sources, such as solar, which is in abundance in Africa, Gomwe said this was just wishful thinking because the industry was not going anywhere.

It just needed some financial assistance to come clean because coal is the only source that can meet the growing demand of energy given the ballooning population estimated to reach nine billion by 2050.

"We acknowledge that we are part of the problem," he said. "But that is exactly why we must be part of the solution."

The coal industry is responsible for 20 percent of the global carbon emissions.

He said there is evidence that technology to help significantly reduce pollution in the sector exists as demonstrated by modern high efficiency coal-fired power plants, which emit much less carbon dioxide than their older counterparts.

"Modern highly efficient plants are also a key step towards near zero emissions from coal because they can be built ready for the deployment of carbon capture and storage technology," said Gomwe.

But there is a catch.

Clean technologies, as they are termed under climate change, come at a very high cost and companies are not willing to finance the projects because they say they are very expensive for the private sector.

For that reason, the energy sector is appealing for the climate funding that developing countries want to access to fund adaptation projects.

Gomwe noted that development banks have started to turn away from funding thermal power stations which will have dire consequences.

"The risk, however, is that without support from these institutions, cheaper, less efficient and more polluting technologies might be used because they are all that can be afforded in the absence of concessional finance," warned Gomwe.

Geoff Sinclair stressing a point at the business forum.

And the corporate sector did make an impression to the UNFCCC whose secretary general, Christiana Fiegures, said business has a role to play in the climate change landscape.

"Businesses must be heard, leveraged and invited to develop scalable climate change solutions to drive climate action," said Fiegures.

But this further infuriated climate activists who accused the UNFCCC and the COP 19 host government, Poland, of turning the process into a money spinner.

What fuelled the rift between the UNFCCC and lobby groups is that Fiegures went to address the Coal Summit much against the wishes of lobby groups who petitioned her not to attend.

Dubbed the corporate activists, who said this conference was focusing more on business interests rather than paying the debt to poor countries, Kumi Naidoo, the executive director of Green Peace International, an NGO campaigning for climate justice, said the industrialised states were 'privatising' their responsibility of compensating poor countries for the climate debt.

"This is not charity," he told *The **Nation***. "Developed states are responsible for causing this mess which is killing so many people in poor countries because they do not have the capacity to deal with the impact of climate change."

He said it was appalling that developed states were fiddling while people from poor countries were drowning in floods and typhoons as the recent Philippines incident demonstrated.

"In Africa, for instance, there are serious impacts of climate change that don't have visual impact such as drought," said Naidoo.

Green Peace is among the NGOs that walked out of the conference venue, Warsaw National Stadium, on the second last day of the negotiations on November 21 arguing that the talks were not yielding any results.

What got activists hot under the collar was that developed states were refusing to commit funds for adaptation and reneging on their promises to cut down their carbon emissions.

NGOs argue that nothing could stop the developed countries from raising US$100 billion to save the earth because they were able to mobilise trillions of dollars to rescue financial institutions during the recession.

He said the governments from rich countries lacked the political will to commit funds in response to climate change.

Instead, argued Naidoo, they are selling false solutions such as clean coal because they want to benefit multinational corporations which happen to be based in the industrialised states.

"The notion of clean coal is as false as the notion of clean cigarettes," said Naidoo.

Like other anti-coal activists, he said funding should go to renewable energy sources which he said has the potential to provide adequate energy, should there be more research and innovations directed to it.

Developing countries also feel they are short-changed in the UNFCCC process because the private sector was influencing the negotiation process.

"It's unfair for developed countries to bring in the private sector to cash in, in what is supposed to be funds established for poor countries," said Bolivian head of delegation to COP 19, Rene Orellana.

As the talks move to Lima next year, the competition for space in the climate landscape is likely to get stiffer as everyone, including business, NGOs, and members states push to be at the right position – come 2015. ❑

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