Civil society organizations call for No Dirty Energy at a Green Climate Fund board meeting.

Dirty Energy

OUT OF THE GREEN CLIMATE FUND!

The Green Climate Fund must be a vehicle for a fundamental shift in global energy lending to ensure a transformation to low-carbon and climate-resilient energy sources that are universally accessible for all people by 2030. We call on the Green Climate Fund not to finance dirty energy.

Coal, oil, gas, destructive dams, nuclear power, unsustainable bioenergy and waste-to-energy projects have displaced millions of people, undermined livelihoods, destroyed ecosystems, fueled climate change and weakened the climate resilience of the world's poor. The electricity generated by these projects has favored large corporations over residential consumers, and affluent consumers over the poor.[1]

Better solutions are readily available to slow climate change and end energy poverty. Across the world, energy efficiency and decentralized renewable energy are often cheaper options than large, centralized energy infrastructure.[2]

A FUND TO SOLVE CLIMATE CHANGE

The Green Climate Fund (GCF) was formally established by the United Nations Framework Convention on Climate Change (UNFCCC) in December 2011, although the groundwork was laid in the Copenhagen Accord of 2009. It aims "to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change."[3]

The Fund is intended to be a long-term financing vehicle to transfer public resources from developed to developing countries to help meet the costs of dealing with the long-term impacts of climate change, and to assist them avoid taking the same high-emissions paths which characterized the industrialization of developed countries. The UNFCCC has set itself a goal of raising $100 billion per year by 2020 for the GCF.

HOW WILL THE GREEN CLIMATE FUND WORK?

The Green Climate Fund is intended to be the centerpiece of efforts to raise and channel $100 billion of climate finance a year by 2020. Not all of that money would flow through the GCF itself, but it is expected to become the main global climate finance institution – giving more coherence to a fractured funding landscape.

While the rules governing the GCF have yet to be fully agreed, it is likely that it will mostly finance programs rather than individual projects, and that the management of these will be devolved to other bodies. That could mean environmental agencies, city governments or national climate change funds, in keeping with the Fund's founding promise that it will be "country-driven." But it could also mean that a significant proportion of the work of the Fund is actually overseen, and implemented, by international financial institutions (like the World Bank) that have a poor record on addressing climate change and serving the needs of local communities. The Fund's "intermediaries" could also include donor countries' bilateral agencies and private commercial banks.

WHERE WILL THE GREEN CLIMATE FUND'S MONEY COME FROM?

Most of the money in the GCF is expected to come from developed countries, in accordance with their commitments under the UN climate change convention. Only a fraction of donations had been pledged as of April 2014, mostly to cover start-up costs. Finance is also expected to come from private sector investors, but disputes remain as to how much should come from public sources, and whether "leveraged" private finance will be counted towards meeting the obligations of developed countries to cover their climate debts.

WHAT PROJECTS AND PROGRAMS MIGHT THE GCF FINANCE?

The GCF will "aim to" split resources 50/50 between mitigation and adaptation activities "over time", according to rules agreed in February 2014. But with lots of room for maneuver, and a parallel commitment to "maximize engagement with the private sector," it is far from clear that such balance will be reached.

Beyond this broad division, the GCF is not currently proposing to limit project or program types. Fossil fuels, large hydro, nuclear power, unsustainable bioenergy and waste-to-energy would all be eligible to apply. This is contrary to the practice of many other international financial institutions – even the World Bank has an exclusion list, which prohibits support for nuclear power.

HOW WILL THE GCF DECIDE WHICH ENERGY PROJECTS TO FINANCE?

The GCF will have an open call for project and program proposals, as well as encouraging accredited "implementing entities and intermediaries" to come forward with suggestions. These will be approved (or not) by the Fund's board, but the implementing entities themselves will be expected to prepare most of the documentation and conduct most of the checks on the projects.

Funding decisions will be made in relation to an investment framework that includes both general guidelines, such as cost-benefit analyses of "economic efficiency" and coherence with national plans and activity-specific criteria. In the case of power sector projects, these are proposed to include measures of the "emissions intensity" of power plants, although it is important to note that any such criteria are intended as guidance rather than binding minimums.

These indicators may, themselves, encourage dirty energy. For example, the Board is considering specifically targeting investment in "negative emissions technologies" as part of its investment framework. This would be measured in terms of the "number of carbon capture and storage projects" supported, but could even extend into financing controversial and unproven geo-engineering techniques.

WILL THE GREEN CLIMATE FUND HAVE SAFEGUARDS? WHAT WILL THEY LOOK LIKE?

The Green Climate Fund will develop its own environmental and social safeguards, but it is proposed that it will initially adopt the performance standards of the International Finance Corporation, the private-sector arm of the World Bank. These are less comprehensive than frameworks of some other institutions, and fall a long way short of providing a means to assess the environmental, social or gender impacts of programs and projects financed by the GCF.

The GCF will not have the staff capacity to oversee the implementation of its safeguards. Instead, it will outsource this task to "implementing entities and intermediaries" – which, as mentioned above, could range from other international financial institutions or government agencies to commercial banks. The GCF will assess the ability of these entities to check on safeguards before accrediting them, but it does not propose to independently verify their work on an ongoing basis. The IFC takes a similar arms-length approach to financing via "intermediaries" and was criticized by its own auditors on the grounds that this practice

What is Dirty Energy?

"Dirty energy" is shorthand for energy production that accelerates climate change and harms communities in the global south.

Many dirty energy projects involve the extraction or burning of fossil fuels (oil, gas and coal) for electricity generation, which releases carbon dioxide into the atmosphere. This is the leading cause of climate change. The extraction of fossil fuels can displace people, damage their health, pollute land and water, and exploit workers.

Fossil fuels don't have the monopoly on dirty energy. For example, big dams are a major source of another greenhouse gas, methane, and lead to the displacement of whole communities. Bioenergy from plants like corn, sugar cane and palm oil, while theoretically cleaner than conventional fossil fuels, can contribute to climate change by encouraging deforestation. Its production has also been shown to displace small farmers and compete with food crops to drive up prices, which hits the poorest consumers hardest. Nuclear power and waste-to-energy incineration have drawn similar criticisms as being far from 'clean.'

Ultimately, though, 'dirty energy' is defined less by the technology used than by the way in which new capacity is integrated into the energy system, which is a question of how much harm is caused to the climate through increased greenhouse gas emissions, of who benefits from new energy production, and of associated harms or benefits to the environment and local livelihoods. For a fuller consideration of these questions, see *Friends of the Earth International, Good Energy, Bad Energy? Transforming our Energy System for People and the Planet,* http://www.foei.org/en/good-energy-bad-energy

resulted in a failure to trace, understand or document the environmental and social impacts of investments.

The GCF will also create an Independent Redress Mechanism that will allow people directly affected by its projects and programs to file grievances or complaints. Other kinds of complaints, such as allegations of corruption, will be handled by an Independent Integrity Unit.

The dirty Inga I Dam in the Democratic Republic of the Congo has cost billions.

TELL YOUR GREEN CLIMATE FUND BOARD MEMBER TO EXCLUDE DIRTY ENERGY:

- The Green Climate Fund must exclude support for dirty energy (coal, oil, gas, destructive dams, nuclear power, unsustainable bioenergy and waste-to-energy). These forms of energy are destructive to the planet and are harmful to human health.
- The Green Climate Fund must instead support projects and programs for energy conservation, energy efficiency and decentralized renewable energy solutions. These forms of energy are modern, efficient, less costly, and more effective at creating clean energy to end poverty. The Green Climate Fund should create a funding window dedicated to financing decentralized renewables whose benefits reach the poor directly.
- All energy projects and programs supported by the Green Climate Fund need to be developed in transparent and participatory ways, based on a balanced and inclusive assessment of all needs and options, and meet strict social and environmental standards. The performance of existing infrastructure should be optimized before new projects are developed, in such a way that doesn't extend the life of dirty energy facilities.
- If the Green Climate Fund supports destructive forms of energy, governments should shift their funding to institutions and mechanisms that are more effective at ensuring universal access to clean, modern energy services. This would include new and existing multilateral, bilateral and non-governmental institutions and mechanisms.

Better Solutions Exist

THE CASE OF FINANCING DECENTRALIZED RENEWABLES THROUGH SRI LANKA'S RERED PROGRAM[4]

Better solutions to solve climate change exist that also eliminate energy poverty and support sustainable development. In Sri Lanka, three projects under the Renewable Energy for Rural Economic Development Project (RERED) program led to significant reductions in carbon emissions between 1997-2011, while promoting sustainable development from the ground-up.

The International Development Association, World Bank, and the Global Environment Facility funded the program at a total cost of $266.4 million, through a mix of credits and grants. In total, the program aims to avoid 1.25 million tons of CO2 emissions between the years 1997-2011, which is equal to half the emissions caused by a typical 600MW coal-fired power plant.[5]

The projects consisted of providing new energy access through both grid-connected and off-grid solutions. Grid-connected plants included 70 mini-sized hydro, solar, biomass, and wind plants for a total of 166 MW, introducing new electricity access to almost 6,500 homes. Off-grid plants consisted of solar home systems, and village-level hydro, wind, and biomass projects, aimed at providing energy access to 160,000 remote rural homes for the first time. The plants also created a number of well-paid jobs in the community, both during the construction period and once the plants were up and running. The RERED program also contains a sub-component that supports the private sector in implementing demand-side energy efficiency solutions and in switching from non-renewable to renewable energy.

The projects have supported Electricity Co-operative Societies, with the communities owning nearly 100 percent of equipment, services and financing. Local ownership is now the hallmark of this industry in Sri Lanka. Finally, the projects have promoted private sector and community-led implementation as well as promoted several key socioeconomic aspects critical to economic development, such as productive use and reliance on indigenous energy resources, as well as improvement of social delivery services in rural areas through community mobilization and asset creation. Entrepreneurs who started in this industry are now well-established to undertake similar projects in other low-income countries, creating an export potential for Sri Lanka.

Take action now by following the link below:
Send a letter to the U.S. Government to tell them No Dirty Energy in the Green Climate Fund!

Send a Tweet to make sure they get the picture:
Tell @USTreasury: Not another #DestructiveDam! We want #CleanEnergy in the #GCF

Visit our website for more information:
The Green Climate Fund – at a Dirty Energy Crossroads

ENDNOTES

1. The South African Kusile coal-fired power plant project is just one example of this among many, http://bit.ly/1kPrOQa, http://bit.ly/1isARZ1
2. See International Energy Agency's World Energy Outlook 2011, http://www.iea.org/publications/worldenergyoutlook/resources/energydevelopment/energyforallfinancingaccessforthepoor/
3. Green Climate Fund (2011) Governing Instrument for the Green Climate Fund, http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF-governing_instrument-120521-block-LY.pdf p.2/fn>
4. Renewable Energy for Rural Economic Development Program, Sri Lanka http://www.energyservices.lk/
5. Union of Concerned Scientists, http://www.ucsusa.org/clean_energy/coalvswind/c02c.html

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