



GCF to Help Vulnerable Nations

[Source: TH](#)

Why in News?

Recently, the Chief of the [Green Climate Fund \(GCF\)](#) committed to ensuring that vulnerable nations receive the necessary financial support to address climate challenges.

What is the Green Climate Fund (GCF)?

- **About:**
 - GCF is a **fund for climate finance** that was established within the framework of the [United Nations Framework Convention on Climate Change](#).
 - It was **established in 2010**, and headquartered in the **Republic of Korea**.
- **Governed by:**
 - The Fund operates under the governance of the GCF Board and is accountable to the [Conference of the Parties \(COP\)](#), functioning in accordance with its guidance.
 - It supports projects, programs, policies, and various activities in developing country Parties through designated thematic funding windows aimed at addressing specific priority areas.
- **Functions:**
 - NDCs are climate action plans that outline how countries intend to reduce their [greenhouse gas emissions](#) and adapt to climate change.
 - The [Paris Agreement](#) requires all countries to create, communicate, and update their NDCs every five years.
 - GCF is mandated to support developing countries raise and realise their [Nationally Determined Contributions \(NDC\)](#) ambitions towards low-emissions, climate-resilient pathways.

Climate Finance

- **About:**
 - It is the funding that **supports actions to address climate change**. It can come from **public, private, and alternative sources**.
- **Importance:**
 - It is important for reducing emissions and adapting to the effects of climate change. It's also critical for enabling countries to transition to low-carbon economies and achieve the goals of the Paris Agreement.
- **Need in India:**
 - India needs climate finance to scale up renewable energy installations, modernise infrastructure, and improve energy efficiency.
- **Financial mechanisms:**
 - UNFCCC has established several financial mechanisms to provide climate finance to developing countries, including the Adaptation Fund, Green Climate Fund, and the Global Environment Fund.

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CLIMATE FINANCE

Climate finance refers to local, national or transnational financing—drawn from public/ private/alternative sources of financing—to support mitigation and adaptation actions against climate change.

PRINCIPLES OF CLIMATE FINANCE

- ↳ Polluter Pays
- ↳ Common but Differentiated Responsibility and Respective Capability (CBDR-RC)

Multilateral Climate Funds Coordinated by UNFCCC

- ↳ **Global Environment Facility (GEF):** Operating entity of financial mechanism (1994)
- ↳ **Kyoto Protocol (2001):**
 - ↳ **Adaptation Fund (AF):** Gives developing countries full ownership of adaptation projects
 - ↳ **Clean Development Mechanism (CDM):** To carry out emission-reduction projects in developing nations
- ↳ **Green Climate Fund (GCF):** estd. - 2010 (COP 16)
 - ↳ Funds under it - **Least Developed Countries Fund (LDCF)** and **Special Climate Change Fund (SCCF)**
- ↳ **Long-Term Climate Finance:**
 - ↳ **Cancun Agreements (2010):** Mobilize and provide scaled-up funds in short and long term
 - ↳ **Paris Agreement (2015):** Developed nations agreed to establish new collective goal of at least \$100 billion/year by 2025
- ↳ **Loss and Damage Fund (2023) (COP27 & COP28):** Financial assistance to nations most vulnerable and impacted by effects of climate change

Climate Investment Funds (CIFs) under World Bank

- ↳ Clean Technology Fund
- ↳ Strategic Climate Fund

INDIA'S INITIATIVES REGARDING CLIMATE FINANCE

Fund	Objective
■ National Adaptation Fund for Climate Change (NAFCC) (2015)	■ For vulnerable Indian states
■ National Clean Energy Fund (2010-11)	■ Advancing clean energy (started with initial carbon tax on industrial coal use)
■ National Adaptation Fund (2014)	■ Bridging gap between required and available funds
■ Intended Nationally Determined Contributions (INDCs) (2015)	■ Nationally binding targets adopted under UNFCCC
■ Climate Change Finance Unit (2011)	■ Leads on global climate finance issues

Challenges to Climate Finance

- ↳ Gap between national needs and climate finance under NDCs
- ↳ Least Developed Countries receive much less approved funding in per-capita terms from the multilateral climate funds
- ↳ Slow rate of approvals
- ↳ Failure in securing viability-gap funding



What are the Objectives and Ambitions of the GCF?

- It is a key mechanism for **channelling climate finance to developing countries** that, despite **being least responsible for global carbon emissions**, are disproportionately affected by climate change.
 - The fund **primarily supports nations in two key areas** like reducing greenhouse gas emissions and **enhancing resilience to the worsening impacts of climate change**, including **storms, droughts, heatwaves, and rising sea levels**.
- The **GCF has recognized 19 climate-vulnerable countries** that have received little to no financial assistance.
 - This includes Algeria, the Central African Republic, Chad, Iraq, Lebanon, Mozambique, Papua New Guinea, and South Sudan.
 - The GCF is now **intentionally prioritizing these countries to provide targeted climate funding** and support.

- The GCF emphasised the organization's commitment to becoming the "partner of choice" for vulnerable countries and **ensuring funds are directed to where they are most urgently needed**.
 - Somalia, devastated by **severe floods** and its **worst drought in decades**, has been **promised over USD 100 million in GCF investments for year 2025** to foster climate-related projects and attract further investments.

Government Initiatives Regarding Climate Finance

- [National Adaptation Fund for Climate Change \(NAFCC\)](#)
- [National Clean Energy Fund](#)
- National Adaptation Fund
- [Clean Development Mechanism \(CDM\)](#)

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims:

Q. Which of the following statements regarding 'Green Climate Fund' is/are correct? (2015)

1. It is intended to assist the developing countries in adaptation and mitigation practices to counter climate change.
2. It is founded under the aegis of UNEP, OECD, Asian Development Bank and World Bank.

Select the correct answer using the code given below:

- (a)** 1 only
- (b)** 2 only
- (c)** Both 1 and 2
- (d)** Neither 1 nor 2

Ans: (a)