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Environment

1. Climate Finance

Introduction

- It refers to **local, national or transnational financing** drawn from **public, private and alternative sources** of financing that seeks to support mitigation and adaptation actions that will address climate change.
- The Convention, the **Kyoto Protocol and the Paris Agreement** call for financial assistance from Parties with more financial resources to those that are less endowed and more vulnerable.
- Several financial mechanisms to address climate change are currently in place -
 - ✓ Global Environment Facility (GEF)
 - ✓ Special Climate Change Fund (SCCF)
 - ✓ Least Developed Countries Fund (LDCF)
 - ✓ Clean Development Mechanism (CDM)
 - ✓ Adaptation Fund
 - ✓ Climate Investment Fund (CIF)
 - ♣ Clean Technology Fund: Finances demonstration, deployment, and transfer of low carbon technologies.
 - ♣ Strategic Climate Fund: Targeted programs to pilot new approaches and improvements.
- Community Development Carbon Fund

Global Environment Facility

- The Global Environment Facility (GEF) was established 30 years ago on the eve of the **Rio Earth Summit** to tackle our planet's most pressing environmental problems.
- The GEF is the **largest multilateral trust fund** focused on enabling developing countries to invest in nature, and supports the implementation of major international environmental conventions including on biodiversity, climate change, chemicals, and desertification.
- It brings together **184 member governments in addition to civil society**, international organization, and private sector partners.
- The financial contributions to the GEF are replenished **every four years**. The Fund is currently in its 7th replenishment cycle, GEF-7: 2018 - 2022
- Through its **Small Grants Programme**, the GEF has provided support to more than 25,000 civil society and community initiatives in 135 countries.

- An independently operating financial organization, the GEF provides grants for projects related to **biodiversity, climate change, international waters, land degradation, the ozone layer, persistent organic pollutants (POPs), mercury, sustainable forest management, food security, sustainable cities.**
- The GEF also serves as **financial mechanism** for the following conventions:
 - ✓ Convention on Biological Diversity (CBD)
 - ✓ United Nations Framework Convention on Climate Change (UNFCCC)
 - ✓ United Nations Convention to Combat Desertification (UNCCD)
 - ✓ Stockholm Convention on Persistent Organic Pollutants
 - ✓ Minamata Convention on Mercury
- The GEF, although **not linked formally to the Montreal Protocol** on Substances that Deplete the Ozone Layer (MP), supports implementation of the Protocol in countries with economies in transition.

PYQ 2014

With reference to 'Global Environment Facility', which of the following statements is/are correct?

- A. It serves as financial mechanism for 'Convention on Biological Diversity' and 'United Nations Framework Convention on Climate Change'.
- B. It undertakes scientific research on environmental issues at global level
- C. It is an agency under OECD to facilitate the transfer of technology and funds to underdeveloped countries with specific aim to protect their environment.
- D. Both A and B

Small Grants Programme

- The **GEF Small Grants Programme (SGP)** provides **financial and technical support to communities** and Civil Society Organizations to meet the overall objective of global environmental benefits secured through community-based initiatives and actions.
- **Launched in 1992** with 33 participating countries, the Small Grants Programme has expanded to provide assistance to 125 countries currently.
- It is currently **implemented** by UNDP on behalf of the GEF partnership.
- The SGP remains one of the **GEF's flagship initiatives** and it enjoys strong and broad support from its stakeholders, country governments, GEF donors and civil society and community based organizations.

- The Small Grants Programme, through a **decentralized, national-level delivery mechanism, finances community-led initiatives to address global environmental issues.**
- The Program is specifically designed to mobilize bottom-up actions by empowering local civil society organizations, and poor and vulnerable communities, including women and Indigenous Peoples.
- The Programme funds grants up to a **maximum of \$50,000.**
- In practice, the average grant has been around \$25,000. In addition, the SGP provides a maximum of **\$150,000 for strategic projects.**
- These larger projects allow for scaling up and cover a large number of communities within a critical landscape or seascape.
- Projects under the SGP are implemented through a **National Host Institution - Centre for Environment Education (CEE)**, and other NGO partners and stakeholders that has presence in different parts of the country.

Special Climate Change Fund

- The **Special Climate Change Fund**, one of the world's first multilateral climate adaptation finance instruments, was created at the **2001 Conference of the Parties (COP)** to the United Nations Framework Convention on Climate Change (UNFCCC) to help **vulnerable nations to address these negative impacts of climate change.**
- The SCCF is **managed by the GEF** and operates in parallel with the **Least Developed Countries Fund (LDCF).**
- Both funds have a mandate to serve the **Paris Agreement.**
- SCCF financing is open to all vulnerable developing countries and supports a wide spectrum of adaptation activities, including innovative tools that can be scaled for impact.

Least Developed Countries Fund

- In 2001, the 194 parties to the **United Nations Framework Convention on Climate Change (UNFCCC)** set out to address this challenge by establishing the **Least Developed Countries Fund (LDCF) - the only facility exclusively dedicated** to helping these countries adapt to **new climate realities.**
- The LDCF, along with the Special Climate Change Fund (SCCF), is mandated to serve the Paris Agreement.
- Both funds are **managed by the Global Environment Facility.**
- LDCF backing helps countries implement **National Adaptation Programs of Action (NAPAs)** - country-driven strategies for addressing their most urgent adaptation needs.
- It also supports the implementation of the National Adaptation Plan (NAP) process, and the Least Developed Country work program under the UNFCCC.

Clean Development Mechanism

- The Clean Development Mechanism (CDM) refers to a market mechanism for achieving greenhouse gas emissions reduction and is defined in **Article 12 of the Kyoto Protocol - an international treaty for emissions reductions.**
- CDM allows an **industrialized/developed country** with an emission-reduction or emission-limitation commitment under the Kyoto Protocol (called as Annex I Party or Annex B Party of the original Kyoto Protocol signed in 1997) **to implement an emission-reduction project in any of those developing countries** (which may otherwise be not financially capable of undertaking such projects), thereby earning them tradable **Certified Emission Reduction (CER) credits, each equivalent to one tonne of CO₂.**
- The saleable CERs earned from such projects can be counted towards meeting the **prescribed Kyoto targets.**

Adaptation Fund

- The Adaptation Fund is an international fund that finances projects and programs aimed at helping **developing countries to adapt to the harmful effects of climate change.**
- It is **set up** under the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC).
- The Adaptation Fund was **officially launched in 2007**, although it was established in 2001 at the 7th Conference of the Parties (COP7) to the UNFCCC in Marrakech, Morocco
- The Fund is financed in part by **government and private donors, and also from a two percent share of proceeds of Certified Emission Reductions (CERs)** issued under the Protocol's Clean Development Mechanism projects.
- The Fund is **supervised and managed by the Adaptation Fund Board (AFB).**
- The AFB is composed of 16 members and 16 alternates and meets at least twice a year.
- The **World Bank** serves as trustee of the Adaptation Fund on an interim basis.

Green Climate Fund

- It was established **to limit or reduce greenhouse gas (GHG) emissions** in developing countries and to help vulnerable societies adapt to the unavoidable impacts of climate change.
- **The Green Climate Fund (GCF) is a fund established within the framework of the UNFCCC** as an operating entity of the Financial Mechanism to assist developing countries in adaptation and mitigation practices to counter climate change.
- Established at Conference of Parties (COP-16) in Cancun, Mexico 2010.
- The GCF is based in **Incheon, South Korea.**
- It is governed by a Board of 24 members and supported by a Secretariat.

- National Bank for Agriculture and Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI) act as **National Implementing Entity (NIE) of India for Green Climate Fund (GCF)**.

PYQ 2015

Which of the following statements regarding 'Green Climate Fund' is/are correct?

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

Clean Investment Fund

- It is an \$8 billion multi-donor trust fund that seeks to accelerate climate action by empowering transformations in clean technology, energy access, climate resilience, and sustainable forests in developing and middle-income countries.
- CIF is comprised of **four funds**:
 - ✓ The Clean Technology Fund (CTF); the Forest Investment Program (FIP); the Scaling up Renewable Energy in low-income countries Program (SREP); and the Pilot Program for Climate Resilience (PPCR).
 - ✓ **Founded in 2008**, CIF is the only multilateral climate fund to work exclusively with **multilateral development banks (MDB)** as implementing agencies.
 - ✓ IFC is one of five MDBs that can access CIF funds to implement projects.
 - ✓ Through its blended finance practice, **IFC co-invests concessional funding provided by CIF alongside its own funds.**
 - ✓ The CIF-IFC blended finance partnership **supports the deployment and testing of climate resilience and adaptation projects**, meeting the need for critical climate interventions around the world.

Community Development Carbon Fund

- At the World Summit on Sustainable Development in Johannesburg in 2003, the **World Bank** launched a \$100m Community Development Carbon Fund (CDCF), in collaboration with the **International Emissions Trading Association (IETA)**.

- The CDCF will provide **carbon finance to small-scale projects in small developing countries and rural areas of all developing countries.**
- The **emphasis within the CDCF** will be on renewable energy, energy efficiency, methane capture, and agro-forestry projects, with significant and measurable community development benefits.
- When the CDCF was established in 2003, two years before the ratification of the Kyoto Protocol, the carbon market was still in its infancy.

Fund	Fund Type	Fund focus
Adaptation for Smallholder Agriculture Programme (ASAP)	Multilateral	Adaptation
Adaptation for Smallholder Agriculture Programme (ASAP+)	Multilateral	Multiple Foci
Adaption Fund	Multilateral	Adaptation
Amazon Fund	Multi Donor National	Mitigation - REDD
BioCarbon Fund	Multilateral	Mitigation - REDD
Central African Forest Initiative (CAFI)	Multi Donor Regional	Mitigation - REDD
Clean Technology Fund (CTF)	Multilateral	Mitigation - General
Congo Basin Forest Fund (CBFF)	Multi Donor Regional	Mitigation - REDD
Forest Carbon Partnership Facility - Readiness Fund (FCPF-RF)	Multilateral	Mitigation - REDD
Forest Carbon Partnership Facility - Carbon Fund (FCPF-CF)	Multilateral	Mitigation - REDD

Fund	Fund Type	Fund focus
Forest Investment Program	Multilateral	Mitigation - REDD
Global Environment Facility (GEF4)	Multilateral	Multiple Foci
Global Environment Facility (GEF5)	Multilateral	Multiple Foci
Global Environment Facility (GEF6)	Multilateral	Multiple Foci
Global Environment Facility (GEF7)	Multilateral	Multiple Foci
Global Climate Change Alliance	Multilateral	Multiple Foci
Global Energy Efficiency and Renewable Energy Fund	Multilateral	Mitigation - General
Green Climate Fund (GCF IRM)	Multilateral	Multiple Foci
Green Climate Fund (GCF-1)	Multilateral	Multiple Foci
Indonesia Climate Change Trust Fund (ICCTF)	Multi Donor National	Multiple Foci

Fund	Fund Type	Fund focus
Least Developed Countries Fund	Multilateral	Adaptation
MDG Achievement Fund	Multilateral	Adaptation
Partnership for Market Readiness	Multilateral	Mitigation - General
Pilot Program for Climate Resilience	Multilateral	Adaptation
Scaling-Up Renewable Energy Program for Low Income Countries	Multilateral	Mitigation - General
Special Climate Change Fund	Multilateral	Adaptation
UN-REDD Programme	Multilateral	Mitigation - REDD

PYQ 2015

BioCarbon Fund Initiative for Sustain-able Forest Landscapes’ is managed by the

- A. Asian Development Bank
- B. International Monetary Fund
- C. United Nations Environment Programme
- D. World Bank

With reference to ‘Forest Carbon Partnership Facility’, which of the following statements is/are correct?

1. it is global partnership of governments, businesses, civil society and indigenous peoples
2. it provides financial aid to universities, individual scientists and institutions involved in scientific forestry research to develop eco-friendly and climate adaptation technologies for sustainable forest management
3. It assists the countries in their ‘REDD+ (Reducing Emission from Deforestation and Forest Degradation+)’ efforts by providing them with financial and technical assistance.

Select the correct answer using the code given below

- A. 1 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3