BASIC Nations Push for 'Climate Finance'

Ahead of the **United Nations Conference of Parties (COP24) in Katowice, Poland, the BASIC (Brazil, South Africa, China and India)** countries said that they would continue to push developed countries on their commitment to providing $100 billion annually from 2020.

- Earlier at **COP21 of UNFCCC held at Paris in 2015**, in accordance with the principle of **"common but differentiated responsibility and respective capabilities",** developed countries had committed to contribute **$100 billion each year** to help poorer and developing economies fight climate change through mitigation as well as adaptation.
- However, not much progress has been made on raising the $100 billion a year that is intended to help the poorer nations. Countries still need to agree on **what constitutes climate finance.**
    - **E.g.:** Whether investments made by **private companies** in developed countries in new green technology will be considered, or whether **improving efficiency** in a thermal plant, etc.
- The four nations also took note of the findings of the Intergovernmental Panel on Climate Change (IPCC) special report on global warming of 1.5C, which highlights the **high vulnerability of developing countries** to climate change effects and **high resultant costs of adaptation.**
- BASIC is a group of four large countries – **Brazil, South Africa, India and China. It was formed in 2009.**
- Recently, India also hosted meetings with a group of countries called the **LMDC (Like Minded Developing Countries-India, China, Venezuela, Iran, etc.)** to discuss issues related to climate change.

Climate Finance

- 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.
- To facilitate the provision of climate finance, the United Nations Framework Convention on Climate Change (UNFCCC) states that the operation of the financial mechanism can be entrusted to **one or more existing international entities.**

Global Environment Facility (GEF)

- It has served as an operating entity of the financial mechanism since the **UNFCCC's entry into force in 1994.**
- GEF is an international partnership of 183 countries, international institutions, civil society organizations and the private sector that addresses global environmental issues.
- It is based in **Washington DC, United States.**
- The GEF also manages **two special funds**, viz. the **Special Climate Change Fund (SCCF)** and the **Least Developed Countries Fund (LDCF).**

Green Climate Fund (GCF)

- Green Climate Fund is the financial mechanism of the UNFCCC, established at **Conference of Parties (COP-16) in Cancun, Mexico 2010.**
- It was set up by the 194 countries who are parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 2010, as part of the Convention's financial mechanism.
- **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).
- The Fund pays particular attention to the needs of societies that are highly vulnerable to the effects of climate change, in particular Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States.
- The Fund's investments can be in the form of grants, loans, equity or guarantees.

Adaptation Fund (AF)

- This separate fund was established under the **Kyoto Protocol in 2001.**
- The Adaptation Fund is financed with a **share of proceeds from the Clean Development Mechanism (CDM)** project activities and other sources of funding.
    - The CDM allows **emission-reduction projects in developing countries** to earn **Certified Emission Reduction (CER) credits**, each **equivalent to one tonne of CO_2.**
    - These CERs can be traded and sold, and used by industrialized countries to a meet a part of their emission reduction targets under the Kyoto Protocol.

- The Adaptation Fund is **financed by a 2% levy on CERs** issued by the CDM.