COMMITTEE: G20

TOPIC: Financing the environmental transition through the support of an international fund dedicated to addressing climate change.

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Personal Introduction

Dear delegates,

We are honoured to be chairs of the G20 committee for this year's LFH MUN. We are excited to work with you on another gripping issue and eager to meet you all.

The LFH MUN is an exciting time of year. Apart from a mention in your CV, it is a very stimulating project which is sure to leave you with helpful insight in the issues we are to discuss. As you all know, maintaining bilateral agreements and working towards a better future can be a real challenge for all nations around the world. When it comes to addressing climate change, often problems like the need for profit get in the way of progress. Through these debates we will try and combat these difficulties. Our sessions are sure to leave you with a more general interest in politics and how the planet is governed.

We hope this study guide will prove helpful during your preparation, giving you a general overview of the topic and motivation for further research. We are going to be there to help you each step of the way.

If this is your first LFH MUN conference let us give you an important pointer: do not stress! The study guides may seem intimidating to look at, but we assure you that they are here to help you and not bore or overwhelm you. That being said, we wish you an amazing three days to come, filled with elaborative discussions, interesting debates and many jokes to be made!

We hope this experience will be memorable for all of you!

Introduction

In today's world, you can find financial interests behind every major conflict or issue around the globe. Wars such as the invasion of Iraq by the United States, or the annexation of Crimea by Russia in 2014, which in turn led to the present-day conflict are some examples. One thing in common between these two conflicts is the economic intentions and political agendas portrayed as matters of national security, or the promotion of democracy. The reason we are making this point is to illustrate how the economy is a leading factor in any major decision made around the world, and the environment is no different.

With this case study we will examine the fundamental role of international climate funds in the environmental transition focusing on the Green Climate Fund, World Bank and GEF as well as other global initiatives.

The transition from classic sources of energy, such as fossil fuels, to a low-carbon economy is a challenging task to tackle. Our approach must be calculated, focusing on all fronts, whether these are political or economic. There needs to be significant financial investment, especially in countries most vulnerable to the impact of climate change. Elementary aspects of this transition are the development of green technology, the transition to renewable energy sources, the creation of financial relations and loans between states, and productive discussions between nations.

In order to exterminate the funding gap, the role of international funds is rudimentary. One of the most prominent financial mechanisms is the Green Climate Fund (GCF), established under the United Nations Framework Convention on Climate Change (UNFCCC). The GCF is designed to support developing countries in their efforts to combat climate change by providing grants and loans. As of 2024, the GCF has mobilized over $10 billion in funds, aimed at helping countries meet their climate goals and contain the impacts of global warming.

Additionally, the World Bank's Climate Investment Funds (CIF) and the Global Environment Facility (GEF) also play significant roles in financing climate action across the globe. For example, the CIF in particular supports initiatives that promote energy efficiency, while the GEF funds evolve mostly around the sector of biodiversity. Substantial commitments have been made by the European Union as well as Japan and Canada to these funds.

While the contributions of these funds are notable, the current investments still fall short to the 4 trillion $ threshold in order to meet the environmental targets set by the Paris agreement.

Definition of key words

Capitalism: An economic system based around financial profit.

Funding: Backing a country or an organization financially. This process can be done by lending money or donating it.

International climate funds: Funds provided by countries or international organizations with the sole purpose of helping other states combat climate change.

Green climate fund: A fund helping countries to develop mechanisms to deal with climate change.

World Bank: An international financial institution providing countries with loans or grants.

GEF (Global Environment Facility): A fund providing financial backing to environmental projects.

Green technology: Environmentally friendly technologies helping to reduce harm to the planet.

Renewable energy sources: Energy from natural sources that can be restored.

Funding gap: The difference between the amount needed for a project and the amount given for it.

Green Climate Fund (GCF): A fund helping struggling countries with climate change.

United Nations Framework Convention on Climate Change (UNFCCC): An international agreement addressing global climate change.

World Bank's Climate Investment Funds (CIF): Multiple funds managed by the world bank invested in clean energy.

Global Environment Facility (GEF): An international partnership tasked with dealing with environmental issues.

Biodiversity: The variety of species and ecosystem on Earth.

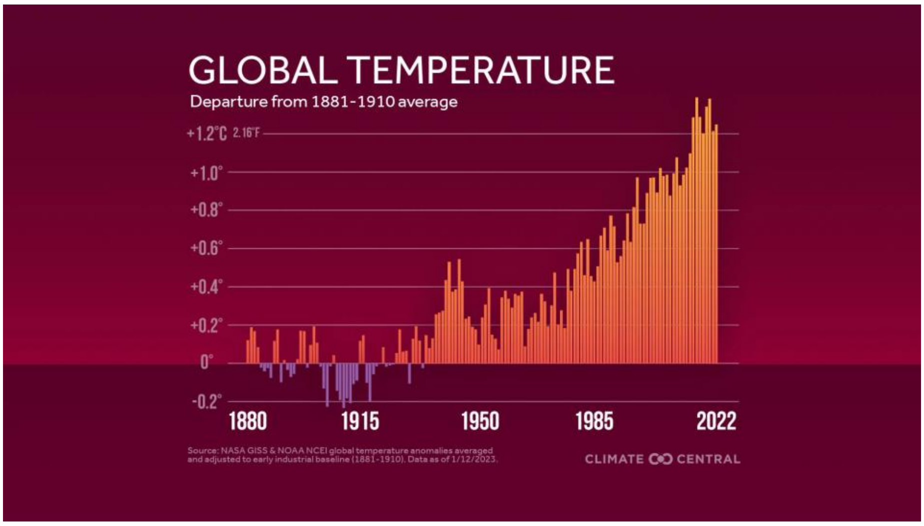
Financial threshold: The minimum amount of money.

Paris agreement: An international agreement signed in 2015 where countries agreed to limit global warming through many policies and decisions.

General Overview

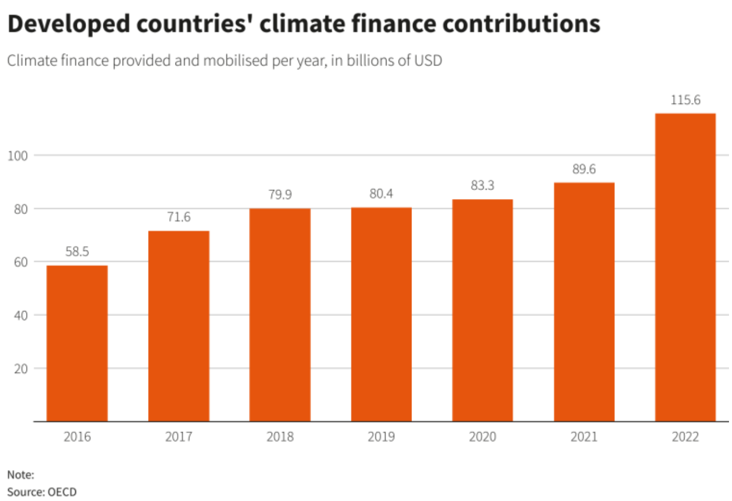
1) Understanding the Environmental Transition

The environmental transition is basically about moving away from polluting habits and switching to cleaner, more sustainable ways of living. This includes how we get our energy, travel, grow food, and even build cities. For example, using solar or wind power instead of coal and oil. This shift is becoming more urgent because climate change is accelerating the Intergovernmental Panel on Climate Change (IPCC) reports that global temperatures have already increased by around 1.1°C since the pre-industrial times.



2) Why Climate Funding Matters

Switching to a greener world isn't just about having good ideas, it takes a lot of money to make those ideas happen. Building things like clean energy systems, better public transport, or protecting communities from floods and heatwaves can be expensive. Wealthier countries usually have the money to work on these changes, but a lot of developing countries don't. They're already dealing with other major problems like poverty, weak healthcare systems, or national debt, so it's unfair to expect them to handle climate action on their own. That's why climate finance is such a big deal. It's when money, usually from richer countries, international groups, or private investors, is used to help other countries deal with climate change. This can mean funding for solar power, reforestation, or helping areas prepare for extreme weather hazards.

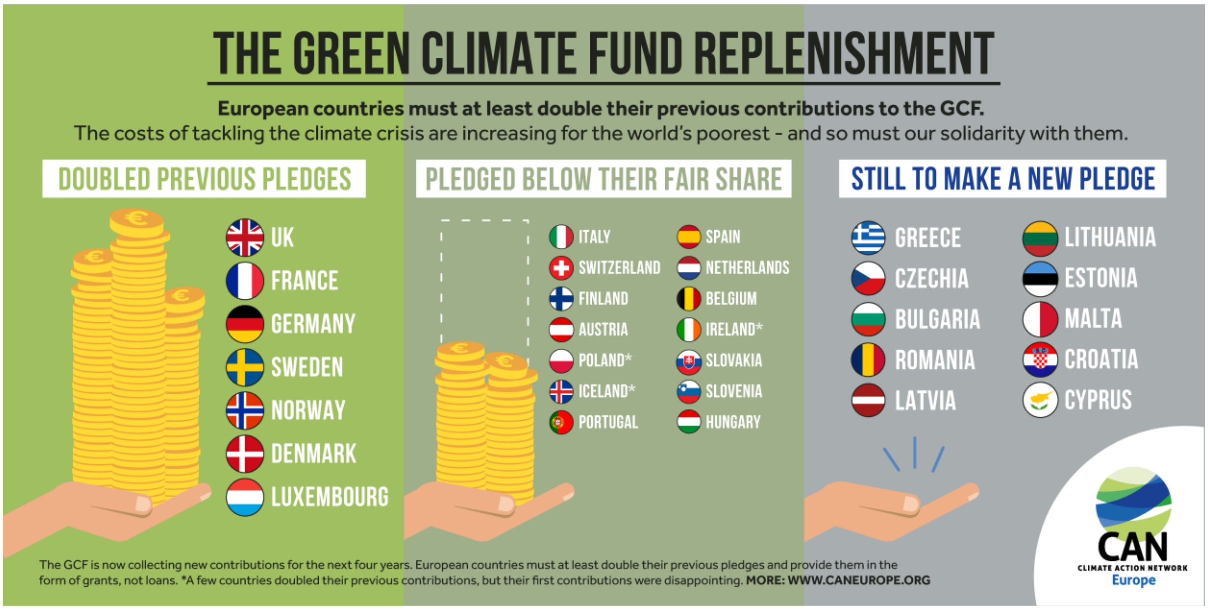


While this graph may be encouraging to look at, wealthy countries met climate finance goals with a two-year delay. (Source: OECD)

But the truth is, there just isn't enough of this funding yet. Back in 2009, developed countries promised to give $100 billion a year by 2020 to support climate efforts. That didn't fully happen

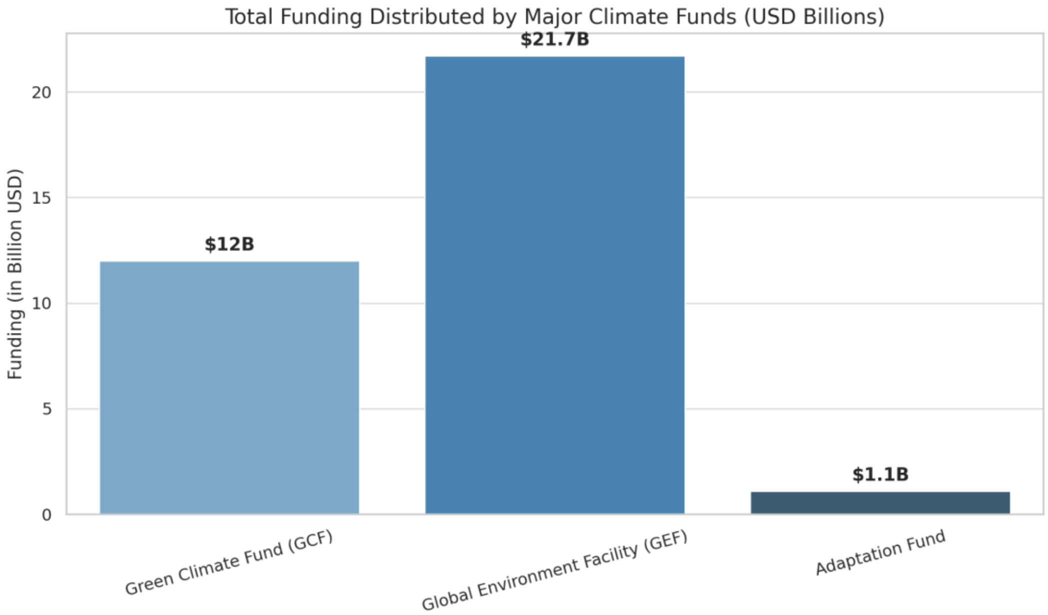
— in 2020, they gave about $83 billion, which is still short. Plus, most of that money went to cutting emissions, and less of it helped countries adapt to the damage they're already facing.

Without enough climate finance, poorer countries are stuck. They want to help fight climate change, but they can't afford to do it alone. At the end of the day, it's not only about paying for projects — it's about fairness and making sure everyone has the chance to build a safer and greener future.



3) **Existing International Climate Funds**

Over the past several years, the world has seen a rise in international climate funds, financial tools designed to help countries cope with the growing challenges of climate change. Most of these funds were set up through global agreements, often coordinated by the United Nations. Their main goal is to provide developing countries with the resources they need to take meaningful climate action. This includes helping them transition to clean energy sources like solar or wind, adapt to climate-related threats such as rising sea levels or droughts, and protect vital ecosystems like forests and coral reefs.



This chart shows you funding provided by each fund we are going to talk about.

- **Green Climate Fund (GCF)**

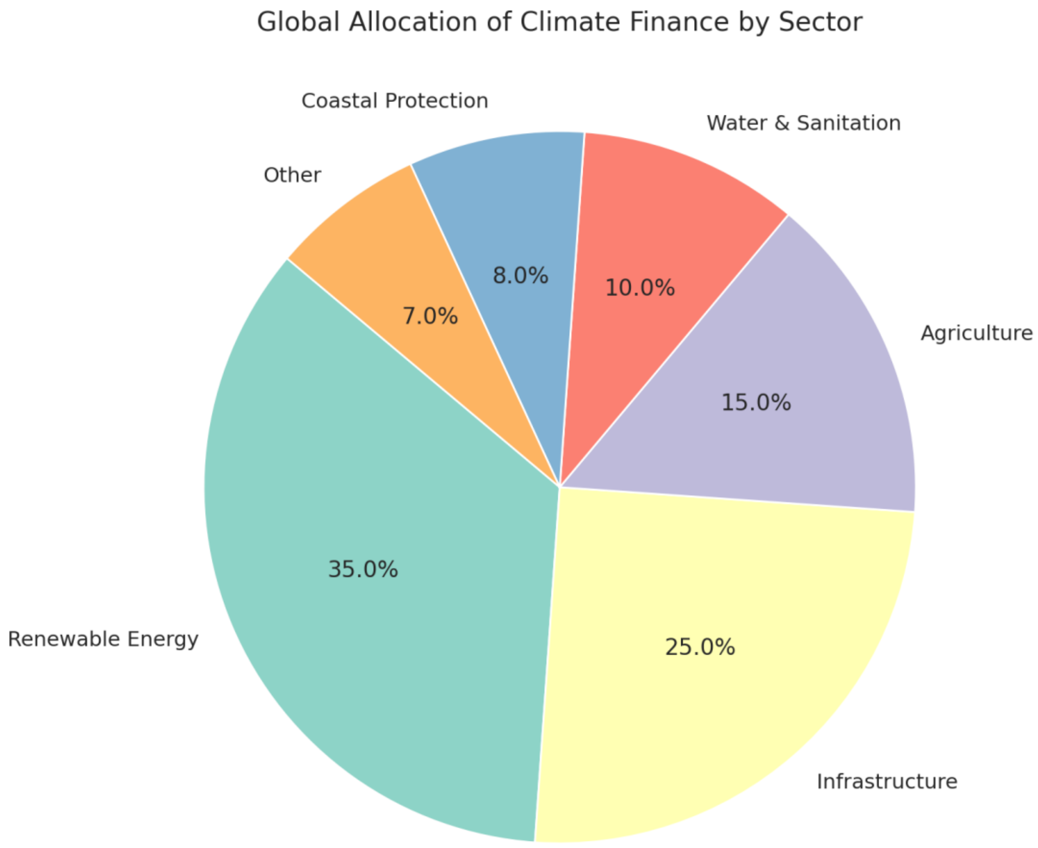
It started in 2010 under the UNFCCC. The idea was that wealthier nations would donate money to help lower-income countries act. So far, the GCF has approved over $12 billion for projects in more than 100 countries. These include things like bringing solar power to rural villages or building flood protection in areas near the coast.

- **Global Environment Facility (GEF)**

It started back in the 1990s. The GEF deals with a wider range of environmental problems, not just climate change. But it's still a major source of funding, and by now it has supported over 4,500 projects in around 170 countries.

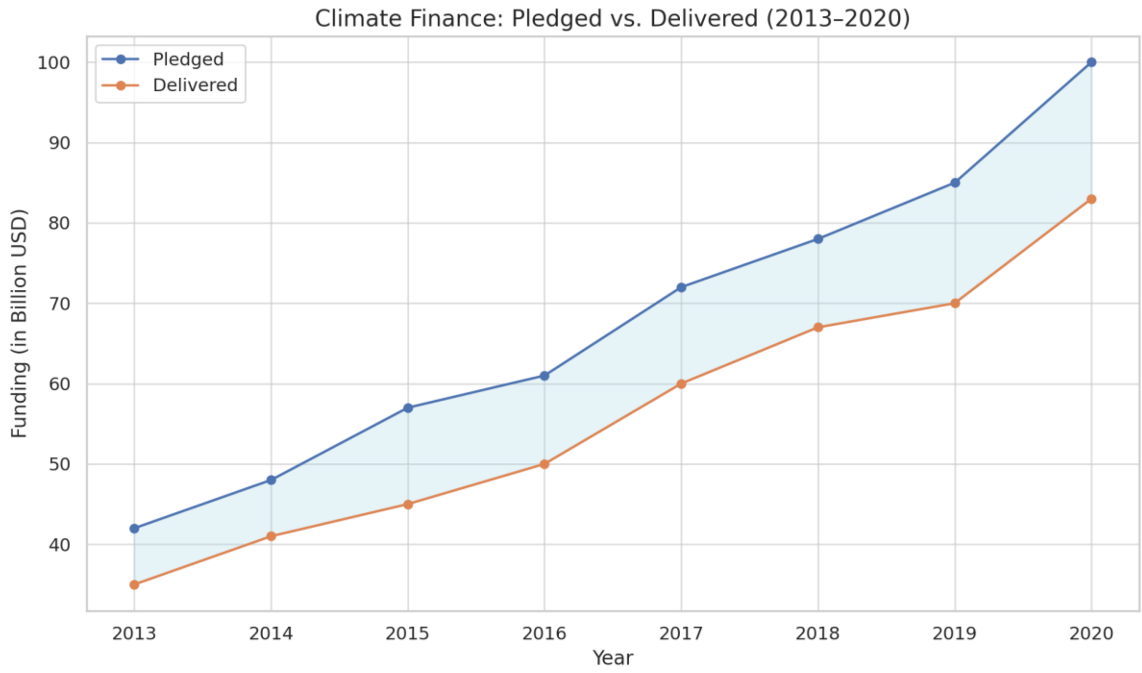
- **Adaptation Fund**

It focuses on helping countries cope with the effects of climate change that are already happening like sea level rise, major droughts, or stronger storms. Even though it's smaller, it plays a huge role in helping vulnerable communities stay safe.



Distribution of funds per sector (Source: OECD)

Still, there are issues. Developing countries, especially small island states and some African nations find it really hard to apply for funding with the process being long and complicated. Furthermore, the distribution of funds is not always done in a fair manner. Some countries get way more than others, and overall, there just isn't enough funding to match the need. To offer you real insight on the issue, the UN estimates that developing countries will need around $5.8 to $5.9 trillion by 2030 to meet their climate targets. That's way more than what's available right now. So even though these funds are helping, they need to be way bigger, easier to access, and faster if we want to make a real difference



An analysis of the progress towards the USD 100 billion climate finance goal, including pledged versus delivered amounts from 2013 to 2020.

Concerned Countries an Organizations

Concerned Countries

U.S.A.: As one of the world's largest economies and emitters, the U.S. has both a responsibility and the resources to contribute significantly to international climate funds. While domestic politics can complicate its role, the U.S. has historically pledged billions to initiatives like the Green Climate Fund, though delivery has sometimes lacked. Its leadership in technology and finance remains vital to the global environmental transition.

Russia: Russia's relationship with international climate finance is complex. While rich in fossil fuel resources, it faces growing climate threats like permafrost melt and forest fires. So far, Russia has been more cautious in engaging with global climate funds, but there's increasing domestic talk about the need to attract green investments and diversify its energy mix moving away from oil and coal.

China: China is a key player in global climate action, not just as a top emitter, but also as a country investing heavily in renewables. Though still classified as a developing country under UN rules, it has started contributing to climate finance through its own South-South Cooperation Fund. China also receives funding for specific regional green transition projects, particularly in its western provinces.

India: India strongly advocates for fair and accessible climate finance. As it works to expand renewable energy while lifting millions out of poverty, international climate funds are crucial in supporting India's adaptation efforts and clean energy goals. However, Indian officials often point out that accessing these funds remains too bureaucratic and slow.

Germany: Germany is one of the most active contributors to international climate funds, particularly the Green Climate Fund and the Adaptation Fund. It views climate finance as a core part of its foreign and development policy and pushes for more streamlined access for developing countries. Germany also provides bilateral support for climate projects across Africa, Asia, and Latin America.

United Kingdom: The UK has been a strong backer of global climate finance, especially around COP events. Through initiatives like the UK International Climate Finance program, it helps fund clean energy, climate resilience, and conservation projects. That said, recent domestic cuts have sparked debates about whether the UK is backing away from its climate finance leadership.

France: France plays a leading role in both advocating for climate justice and contributing financially. It channels funding through international funds and direct partnerships, especially in Francophone Africa. The French Development Agency (AFD) is a key tool for mobilizing and managing green finance abroad.

Japan: Japan has pledged substantial climate finance, often through loans and partnerships in Asia and the Pacific. Its emphasis is on technology transfer, low carbon infrastructure, and disaster resilience. Japan's approach blends official development aid with climate finance, though critics urge a shift toward more grant-based support.

Brazil: With the Amazon at the heart of global climate conversations, Brazil has much at stake. International funds are vital for sustainable forest management and preventing deforestation. However, access has sometimes been hindered by political tensions. As Brazil re-engages globally, climate finance is expected to play a bigger role in its transition.

Canada: Canada is a significant donor to international climate finance, especially for adaptation in vulnerable countries. It supports both multilateral funds and bilateral programs. Domestically, Canada also seeks to align its own climate efforts with global goals, linking green finance with indigenous and community-led initiatives.

Australia: Australia's contribution to climate finance, especially in the Pacific region, is seen as a diplomatic priority. While historically it has been cautious, recent years show more interest in backing renewable energy and climate resilience for its island neighbours.

South Korea: South Korea contributes to international climate funds and also hosts the Green Climate Fund headquarters in Songdo. Its domestic and foreign policy both emphasize innovation, making it a unique player linking advanced technology with global climate finance.

Saudi Arabia: Saudi Arabia is gradually acknowledging the importance of environmental transition. While still heavily invested in oil, it’s also exploring clean energy and carbon reduction technologies. International climate funds could play a role in scaling pilot projects and building climate resilience, especially in water and energy sectors.

South Africa: South Africa is a vocal advocate for fair and increased access to climate finance. It needs significant support to decarbonize its coal-heavy energy system and invest in clean alternatives.

Mexico: Mexico faces growing climate pressures, from droughts to hurricanes, and sees climate finance as a way to strengthen both mitigation and adaptation efforts. While it has accessed funding through the GCF and other platforms, bureaucratic barriers remain.

Indonesia: Indonesia’s forests, peatlands, and coastline make it highly relevant for global climate efforts. The country relies on international climate finance to support reforestation, renewable energy, and disaster risk reduction. Results based finance models have been particularly effective, but faster access remains a challenge.

Italy: Italy supports international climate finance mainly through EU frameworks. It often funds projects in Africa and the Mediterranean, focusing on energy efficiency, coastal protection, and food security. As part of the G7, Italy has committed to scaling up green financing in alignment with global climate goals.

Nigeria: Nigeria is highly vulnerable to both droughts in the north and flooding in the south. International climate finance is critical to help it adapt and transition to renewable energy. However, Nigeria faces challenges in accessing funds due to capacity gaps and strict requirements, despite having ambitious national climate plans.

United Arab Emirates: The UAE is increasing its role in global climate finance, especially as host of COP28. While still a major oil producer, it has also invested heavily in solar energy and green tech. It supports funds like the GCF and has launched new regional initiatives to support energy transition in the Global South.

Singapore: Singapore contributes to international climate finance as a developed, urbanized economy with limited land but high financial capacity. It focuses on innovation, carbon markets, and regional collaboration. While it doesn’t receive funding itself, it plays a strategic role in financing and facilitating green projects across Southeast Asia.

Concerned Organizations

Green Climate Fund (GCF): The Green Climate Fund is the biggest international climate finance mechanism set up under the UNFCCC to help developing countries tackle climate change. It supports projects that promote low-emission development and help communities adapt to climate impacts. While it's a major step forward in global climate cooperation, many countries still find its processes complex and slow, especially smaller nations with limited administrative capacity.

United Nations Development Programme (UNDP): The UNDP plays a major role in helping countries access climate finance, often acting as an intermediary for funds like the GCF or Adaptation Fund. What sets the UNDP apart is its on-the-ground presence, meaning it works closely with local governments and communities to design practical, climate-resilient solutions. Its focus on capacity-building is critical, especially in countries struggling with the technical side of applying for international support.

Adaptation Fund: The Adaptation Fund focuses entirely on helping countries prepare for and respond to the real-life effects of climate change, things like droughts, rising sea levels, and unpredictable weather. What makes it stand out is how directly it supports communities on the front lines, often through smaller, locally led projects. It’s widely appreciated for being more flexible and easier to access compared to larger, more bureaucratic funds.

Climate Investment Funds (CIF): The Climate Investment Funds were set up to support large-scale climate solutions in developing countries. They work closely with multilateral banks to fund big projects like clean transport systems, climate-smart agriculture, and renewable energy infrastructure. CIF is known for its practical, fast-moving approach and its focus on scaling up what works. It bridges climate finance with real-world development.

Latest Developments

Launch of the Green Climate Fund (2010)	In 2010, countries agreed to set up the Green Climate Fund at the UN climate talks in Cancun. This was a big moment since there was finally a dedicated international fund to help developing countries both cut their emissions and deal with the impacts of climate change. The GCF was designed to be flexible and inclusive, allowing direct access by national institutions. While it's since supported hundreds of projects, many

	countries still say applying for funding can be complex and time-consuming.
The Paris Agreement (2015)	The signing of the Paris Agreement in 2015 was historic, not just for its climate goals, but because it clearly linked climate action with finance. This was a shift in thinking, since now the goal wasn't just about cutting emissions, but about making sure public and private investments followed suit. The agreement also reaffirmed the $100 billion annual target in support of developing nations.
GCF Replenishment Surpasses $10 Billion (2019)	By 2019, the GCF had shown enough momentum that countries came together to pledge another round of funding. Over $10 billion was committed, showing broad international support even in a politically divided moment. This replenishment gave the fund a much-needed boost to continue backing clean energy, adaptation, and resilience projects in vulnerable regions.
Just Energy Transition Partnership with South Africa (2022)	In 2022, a group of wealthy countries partnered with South Africa to support its transition away from coal, pledging $8.5 billion through a mix of grants, loans, and private finance. It wasn't just about reducing emissions, it was about creating a fair, inclusive transition that protected jobs and communities. The model is now being considered for other countries like Indonesia and Vietnam.
Loss and Damage Fund Becomes Operational (2023)	After years of intense debate, COP28 in Dubai saw the long-awaited launch of the Loss and Damage Fund. This fund aims to help countries recover from the most devastating climate impacts like floods, rising seas, and storms that destroy lives and infrastructure. Unlike other funds, this one focuses on irreversible climate harm, and its creation marked a major step forward in global climate justice.

Previous Attempts to Solve the Issue

Since the 1990s, developed countries have acknowledged the need to support the most vulnerable nations in the face of climate change. Early initiatives included the establishment of the Global Environment Facility (GEF) in 1991, which focused on biodiversity protection and emission reduction projects. Later, the Kyoto Protocol (1997) introduced market-based carbon financing mechanisms. A significant step came in 2010 with the creation of the Green Climate Fund (GCF), which pledged direct support to developing countries. The 2015 Paris Summit reaffirmed these commitments with the promise of $100 billion in annual climate finance—a goal that was only partially reached in 2022.

Possible Solutions

To close the estimated $4 to $6 trillion funding gap by 2030, several proposals have been put forward:

- Introduce a global tax on emissions or financial transactions to feed climate funds.
- Simplify and streamline financing procedures to improve access for Global South countries.
- Strengthen public-private cooperation to boost green investment.
- Launch targeted partnerships (like the Just Energy Transition Partnership with South Africa) to support fossil fuel phase-outs.

Summary

The global green transition relies heavily on international climate finance mechanisms. Funds such as the GCF, GEF, and CIF help developing nations cut emissions, adapt to climate impacts, and protect ecosystems. Despite some progress, current funding remains far below what is needed, putting the Paris Agreement goals at serious risk.

Annex

- Charts of fund allocations (source: OECD)
- Table of G20 country contributions
- Map of GCF-supported projects worldwide
- Timeline of key climate finance milestones (1991–2024)

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