

Investigation Finds Dirty Coal Projects Being Financed by Climate Funds

Findings underscore the lack of rules designed to steer the United Nations' 'climate finance' initiative

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Coal is known to be the biggest source of carbon pollution in the energy system. (Photo: [Senor Codo/flickr/cc](#))

Close to \$1 billion in funds meant to finance global climate-mitigation projects is going toward the construction of power plants fired by coal—the biggest human source of carbon pollution—[according](#) to an *Associated Press* investigation.

The findings underscore the lack of rules designed to steer the United Nations' 'climate finance' initiative, through which rich countries funnel money to poor countries to help tackle global warming, Karl Ritter and Margie Mason wrote for the *AP*.

"The money for coal highlights one of the biggest problems in the UN-led effort to fight climate change: A lack of accountability," they pointed out. "Climate finance is critical to any global climate deal, and rich countries have pledged billions of dollars toward it in UN climate talks, which resume Monday in Lima, Peru. Yet there is no watchdog agency that ensures the money is spent in the most effective way. There's not even a common definition on what climate finance is."

The news outlet reported Monday that Japan, a top contributor of so-called climate finance, gave \$958 million to help build three coal-fired plants in Indonesia—plants they said burn coal more efficiently than older facilities.

"However, they still emit twice as much heat-trapping carbon dioxide as plants running on natural gas," the *AP* noted. "Villagers near the Cirebon plant in Indonesia also complain that stocks of shrimp, fish and green mussels have dwindled.

Japanese Foreign Ministry spokeswoman Takako Ito maintained that for countries "that cannot afford to have other methods than coal," so-called 'clean coal' technology may be the best option.

But it's not clear that they have institutional backing for that stance. The *AP* story continued:

UN climate chief Christiana Figueres, who was unaware that the Japanese-funded coal plants in Indonesia were labeled as climate finance, said "there is no argument" for supporting such projects with climate money.

“Unabated coal has no room in the future energy system,” she told AP. “Over time, what we should be seeing is a very, very clear trend of investment into clean renewable energy.”

Even the newly launched Green Climate Fund, a key channel for climate finance in the future, still only has vague guidelines on how to spend the money. Board member Jan Cedergrén said he didn’t believe the fund would support fossil fuels but acknowledged no decision has so far been made.

Earlier this year, when 24 members of the Board of the Green Climate Fund met at that body’s headquarters in Songdo, South Korea, a coalition of more than 300 international civil society organizations [urged](#) against including dirty energy in climate finance agreements.

“We’ve seen first hand how international financial institutions include fossil fuel and other harmful energy projects in their climate and energy finance under the flawed logic of ‘lower carbon’ energy and switching to ‘lower emissions’ fuels,” [said](#) Lidy Nacpil, director of Jubilee South Asia/Pacific Movement on Debt and Development. “Financing any fossil fuels and harmful energy through the Green Climate Fund is unacceptable.”

Environmentalists are hopeful that this week’s climate talks in Lima will push governments to consider climate finance as a vehicle for a paradigm shift—rather than as merely a short-term solution.

“Climate finance is such a mess. It needs to get straightened out,” Karen Orenstein of Friends of the Earth told the AP. “It would be such a shame if those resources went to fossil fuel-based technologies. It would be counterproductive.”

The AP further explained: “Unlike Japan, the U.S. and many other rich countries have cut public funding for coal projects in developing countries. Germany still supports such projects, but doesn’t count them as climate finance.”

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