**MDCs Should Be Hesitant to Fund LDCs for Climate Change**

With the growing concern surrounding climate change, still some countries, often less developed ones (LDCs), disregard the need for action. In some cases this is because LDCs are willing to sacrifice the global environment to further their own economic development; it is clear that in most cases LDCs cannot afford to restrict their development to “green” modalities.

This begs the question: If LDCs can’t support environmentally sustainable development financially, where will the money come from so they can develop in a sound manner? The common answer: from more developed countries (MDCs).

I would argue that it is not the responsibility of MDCs to fund climate safe development in LDCs, contrary to popular opinion. This is for several reasons, the main issues being that a gross amount of hypocrisy is inherent to the issue, the fact that current systems for funding LDCs are severely lacking, and that the money is not necessarily effectively spent. Lesser issues include the profile of an LDC may not be properly defined and that MDCs don’t have any responsibility to fund climate change related projects for LDCs – this funding is done out of goodwill and a desire to ensure that climate change is resolved before consequences become dire.

It should be noted that currently there is a relatively low amount of funding available for climate change opposition projects (Porter, Bird, Kaur, & Peskett, 2008), it is my position that MDCs should resist promptings to fund climate change aversion projects, but should still seriously consider relief efforts should climate change result in dire consequences for more helpless LDCs, such as island nations.

Even though it is a relatively small issue, the idea of who is considered a developing country needs to be addressed before discussion continues. Typically, developing countries are classified by measures like per capita GDP and GNP. This is presents some confusion, because not all countries with a low GDP are the ones that necessarily deserve funding, like China and India, for example, who are generally independent from foreign markets and have the capability to fund their own projects, as well as the projects of others (Gerasimchuk, 2010, p. 40). This does present some difficulty in determining who deserves funding, but to my knowledge, current discussion states that island nations and sub-Saharan African nations would receive priority for funding, yet there are still examples of countries other than these receiving external funding for climate change mitigation projects (Gerasimchuk, 2010).

This topic is rife with hypocrisy, from MDCs pressuring LDCs to develop in more costly (but environmentally sound) ways to laying a sizeable share in the climate change problem and equally large call to action on the LDCs, despite the fact that climate change was originally an MDC problem for just such reasons.

First and foremost in this issue is the idea that LDCs are contributing significantly to the climate change burden. While it is true that countries like Mexico, Brazil, and India are increasingly emitting more greenhouse gases, and China is the world’s top producer of carbon (at nearly 2 trillion tons of carbon in 2007, ahead of 2nd place U.S. at ~1.5 trillion), the U.S. and other MDCs have the highest per capita emissions of carbon, as well as hold several of the other places on the top 20 global emitters list, a list of absolute carbon emission (Banarjee, 2010, p. 31). This alone is reason enough that MDCs should save their funding for domestic carbon emission efforts as they have the most room for improvement based on the general lifestyles/consumption of their respective populaces. This also says nothing of the “laundered” consumption of MDCs, as a significant portion of the emissions increase in LDCs comes from sources like manufacturing and resource harvesting (Banarjee, 2010, p. 30), activities likely done at the bidding of MDCs.

A second issue matter within the hypocrisy of this topic is a more open-ended, philosophical sort of question: is it right for MDCs to demand that LDCs find a way to develop in environmentally sustainable ways? Certainly it would be a much more difficult road to travel, as LDCs often already have large, rapidly growing populations with no room to expand and already stressed resources. It should be noted that the U.S. and China would never have been able to attain the growth they have were it not for environmentally destructive practices, such as fossil fueled energy production (Zenghelis, 2010, p. 4).

Finally, even though MDCs and countries with money to spend, like China and India, are calling for LDCs to reduce their emissions, many still continue to invest in “environmentally unfriendly” projects, namely extraction and fossil fuel oriented projects (Gerasimchuk, 2010). This has resulted in outrage from some. This becomes particularly when considering the World Bank and its lending history, which has been supportive of “environmentally unfriendly” projects, likely because its lending model tends to encourage large projects with predictable rates of return (Porter, Bird, Kaur, & Peskett, 2008, p. 17), something many current investors also desire (Gerasimchuk, 2010).

The fact that current systems do not facilitate proper funding may be the largest practical reason that MDCs should limit or postpone climate change funding. Current systems are incapable of securing sufficient climate mitigation project funding (Porter, Bird, Kaur, & Peskett, 2008) and are clumsy and do not encourage environmentally responsible investment as much as they should. In general there is poor linkage between investment opportunities and the resulting environmental impacts (Banarjee, 2010).

It seems to be a general consensus among experts that “…governments alone can’t fight the battle against carbon emissions. The task is too large and the scope too wide.” (Banarjee, 2010, p. 31). With a looming recommendation of $30 billion in funding required, with a future target of $100 billion per year in 2020 (Porter, Bird, Kaur, & Peskett, 2008), the need for a functional carbon market is readily apparent.

Unfortunately, current systems for such markets suffer from a lack of compulsory environmental reporting or lack of a standardized system of such reporting. While some organizations have made attempts to make such information available, there are many factors involved that may make volunteered information unreliable (Gerasimchuk, 2010, p. 43). A system that will make environmental reporting will be difficult to bring about for two reasons: because it will require full participation of companies, both environmentally friendly and unfriendly, and because no one wants to have to pay for the costs of such evaluation, both investors and the companies themselves (Gerasimchuk, 2010).

Current methods for funding also tend to be lacking in a strategic approach to funding. Not only are environmentally friendly projects/investments not properly rewarded or favored as mentioned above, but (government) funding is often allocated through an apply-for-grant system (Porter, Bird, Kaur, & Peskett, 2008, p. 16), meaning money is disbursed for projects simply when a country applies for it, rather than a funding trustee making a plan to develop a collection of projects to have the largest possible effect in climate mitigation. An ideal system would include emphasis on efficient disbursal of funds throughout a balanced project portfolio. Obviously private sector financing is even less subject to such a systematic approach.

Finally, critics of current international (especially when the World Bank is included in the conversation) claim that the current lending practices are predatory ones, that larger countries are coercing smaller ones into financing climate change projects, only to be mired in debts and obligations to the large countries that financed the environmentally friendly projects. Critics of such debt creating instruments say that “…the corporate private sector should not expect a return on investments because this is contrary to the principles and purposes of climate finance…” (World Bank Out of Climate Finance, 2011), a statement whose sentiment resonates with the idea that climate change is a problem that requires global partnership to solve, and is not simply an opportunity for economic opportunity for MDC based multinational corporations.

Now we come to the final major issue: Is funding of LDC climate change mitigation money well spent? In many senses, it is not. First, investment in greening efforts tends to come from domestic sources, sources that better understand how best to mitigate climate change and how to

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