

Why the G8 needs to finance Developing Country climate action

A deal in Copenhagen will not be possible unless developed countries follow through on their commitments to support emission reductions and climate change adaptation in developing countries.

Under the United Nations Framework Convention on Climate Change (UNFCCC) and the Bali Action Plan, developed countries committed to help developing countries to cut the growth of their CO₂ emissions, reduce deforestation and adapt to inevitable climate changes. So far, they have not put money on the table to meet these commitments.

To build confidence that developed countries will fulfil their climate commitments to developing countries, the G8 *must clearly state their intention at L'Aquila to provide financing that is adequate to the challenge at hand.*

G8 leaders can put the negotiations on a path towards success by agreeing to commit USD 106 billion (€74 billion) of the USD 140 billion needed every year by 2020 to help the developing world in the face of climate change.

Get serious about climate finance for developing countries

The G8 countries are historically the most responsible for climate change and comprise the countries with the highest per capita emissions -- they have a moral responsibility to act first and until they commit as a group to at least 40% emission cuts by 2020 and to financial contributions, China, India or any of the other countries won't act. There is no more time to waste. G8 leaders must take the lead and prevent us from hurtling towards catastrophic climate change.

The G8 needs to provide USD 106 billion of the USD 140 billion a year¹ in annual public funding to meet their commitments to developing countries, to enable increasing the use of clean technology, rapidly reduce deforestation and embark on wide-scale pre-emptive adaptation programmes.

G8 leaders must identify appropriate mechanisms for generating the necessary funds

The G8 needs to commit to their fair share of finance that is commensurate with the necessary level of ambition, and take that commitment to the UNFCCC in order to develop an appropriate mechanism. A number of proposals have been put forward for generating the necessary funds. In order to be effective, broadly acceptable and sustainable over time, funds must be generated in a way that is:

- **Predictable and automatic:** Funding should be generated outside of domestic budgetary processes so they do not depend on the fickle nature of annual appropriations.

1 Of this USD 140 billion, approximately USD 50 billion should be spent on adaptation, USD 40 billion on halting deforestation and USD 50 billion on clean energy and other mitigation measures. These figures are based on the needs identified in different studies, particularly Adapting to Climate Change: What's needed in poor countries and who should pay (Oxfam, 2007), The Economics of Climate Change: Stern Review (2007), the European Commission Communication on Deforestation (2008), Fighting Climate Change: Human Solidarity in a Divided World (UNDP 2007/2008); and the UNFCCC 2007 Report on the analysis of existing and potential investments and financial flows relevant to the development of an effective and appropriate international response to climate change.

- **Equitable:** Countries should contribute resources based upon their historical responsibility for emitting greenhouse gasses and their capacity to act.
- **Additional:** funding to address climate change should be in addition to Official Development Assistance (ODA), and should not displace development assistance currently provided or pledged.

Norway and Mexico have both made proposals that could achieve this:

The Norwegian government has proposed raising funds through an international auction or levy on the Assigned emissions Amount Units (AAUs) of developed countries.

The Mexican government has proposed a World Climate Change Fund (WCCF) under which all members of the UNFCCC would contribute to the WCCF based on a negotiated formula that would quantify responsibility and capacity. All countries that contribute to the fund could benefit from it. Least Developed Countries would not need to contribute in order to receive funding.

Greenpeace supports combining these proposals in a way that would capture the strengths of each. The Mexican proposal is fair in that it requires contributions in accordance with responsibility and capacity to pay. However, the predictability of financial pledges would be low, due to the problem of ensuring consistent domestic appropriations and the current lack of a compliance mechanism.

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