The 100 billion: another broken promise?

PACJA/UNEP pre-AMCEN Stakeholder forum,
Arusha September 2012

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On behalf of the Climate & Development Network climate finance campaign

What is the Climate & Development Network?

- 70 NGOs
- All French-speaking
- Namely based in north, west and central Africa
- All working on climate change and development issues
- Namely with local communities
- But also as advocates at the national and international level
- To call for more climate justice
- To call for more climate-resilient policies
- To call for more international ambition

RÉSEAU CLIMAT DÉVELOPPEMENT

What is the campaign on climate finance?

7 NGOs from the C&DN:

- ✓ JVE Bénin, JVE Togo, CAN-France, FNH-France, ENDA Senegal, AFHON Togo, Amade Pelcode Mali

3 aims:

- ✓ Raise awareness among stakeholders on the need for new and additional climate finance
- ✓ Build capacity among stakeholders on potential sources of climate finance aligned with CBDR
- ✓ Increase involvement of decisionmakers in regional and international negotiating space for climate finance

1 expected impact:

- ✓ Increased pressure on developed countries to deliver on the climate finance commitments

A. Why climate finance is a hot issue

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Climate change is an additional cost for Africa

Adaptation needs

- 86 to 109 US$/year by 2015 (UNDP)
- 18 billion US$/year from 2010 to 2050 for Sub-Saharan Africa (World Bank)
  - **166 million** US$ needed to adapt the agricultural sector in Togo by 2030
  - **450 million US$** needed to implement Senegal's National Adaptation Plan over 5 years.

Mitigation needs

- 140 to 174 billion US$/year by 2030 (World Bank)
  - **522 million** US$ needed to mitigate C02 in the energy sector in Togo by 2030

NEED TO ADDRESS THESE NEEDS TODAY BY SCALING UP CLIMATE FINANCE

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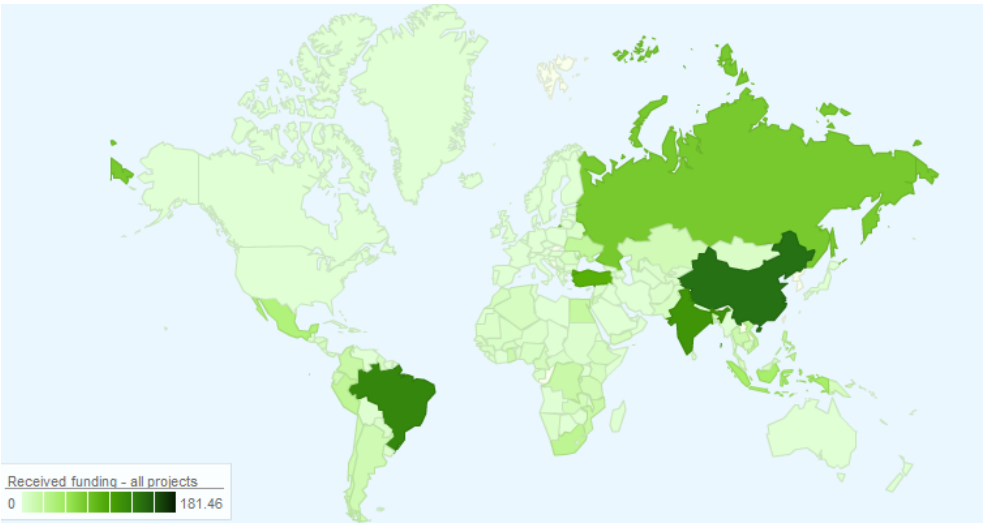
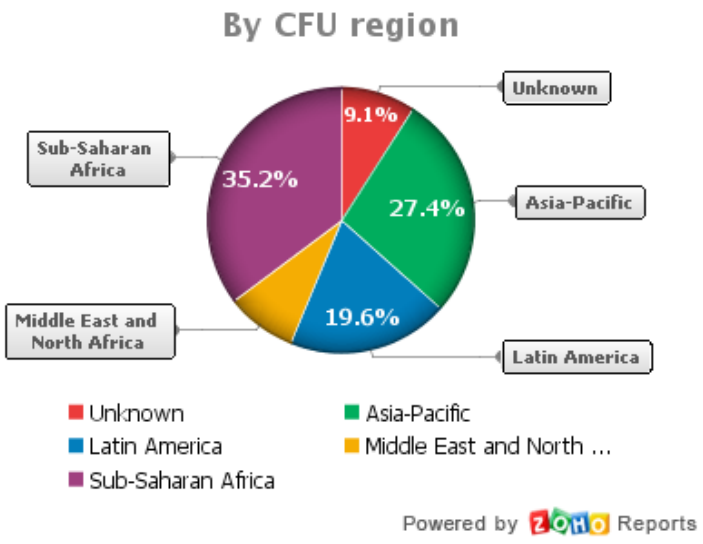
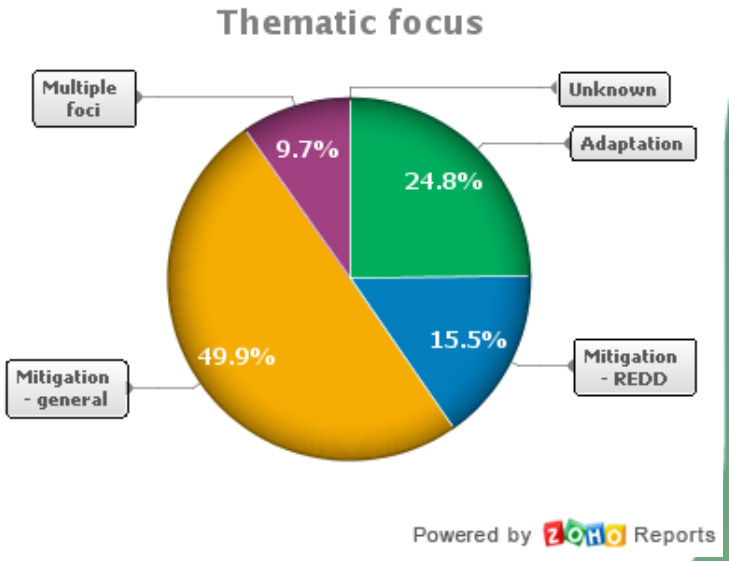
Climate change in Africa is under-funded

- Sub-saharan Africa attracts only 35% of multilateral climate $





- Adaptation = 25% of total climate finance



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Climate finance suffers from broken promises

- **Lesson learnt from ODA**
  - Developed countries seldom keep their promises

- **Lessons learnt from Fast Start Finance**
  - ✓ **Double-counting**: one project, two financial reports
  - ✓ **No additionnality:** more climate finance = less ODA
  - ✓ **No transparency**: where is the money?
  - ✓ **No common accounting**: you cannot compare apples and oranges
  - ✓ **Not enough adaptation**
  - ✓ **Too many loans** and not enough grants!

Looming gap for climate finance?

- **Fast (slow?) -Start Finance**
  - 30 billion US$ pledged in 2009
  - Did not deliver on the ground.
  - is coming to an end this year with no new pledges for 2013
- **(Postponed?) Long-Term Finance**
  - 100 billion US$/year by 2020 pledged in Copenhagen
  - Unclear on what counts in the 100 billion.
  - Is ambiguous on deadline « by 2020 »
- **(Empty?) Green Climate Fund**
  - Established in 2010, adopted in 2011
  - No substantial pledges at this point

(PROMISING?) WORK PROGRAMME ON LTF UNDER THE COP?

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Climate finance is a deal-breaker

- No money = higher human cost of climate change
- No money = more money needed later
- No money = no mitigation actions in developing countries
- No money = empty Green Climate Fund
- No money = no deal with the G77 in 2015

WE CANNOT AFFORD ANOTHER BROKEN PROMISE.
WE NEED TO FILL THE GAP

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With progress needed as soon as COP18

- A round of pledges for the Green Climate Fund
  - Ideally, from 2013 to 2020
  - Realistically, for 2013-2015
- Scaled-up climate finance as soon as next year (through bilateral and multilateral chanels, including the Adaptation Fund)
- A series of decisions based on work by the Long-Term Finance Work Programme
- And a decision to extend the work programme

B. So where and when are we going to find a 100 billion dollars every year?

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We know classical public pledges alone will not be enough

- **Long history of bad faith**
  - ODA 0.7% myth
  - Billions were spent to save banks
- **And budgets are under strain**
  - Recession is hitting the EU and the US populations in the face
  - Governments are cutting down expenses from health to wages and employment

- **Dvped countries will keep pledging and breaking their promises**
- **Dvped countries will deliver millions instead of billions**

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CLIMATE FINANCE CANNOT RELY SOLELY ON GOVERNMENT PLEDGES

We know private finance cannot and should not replace public climate finance

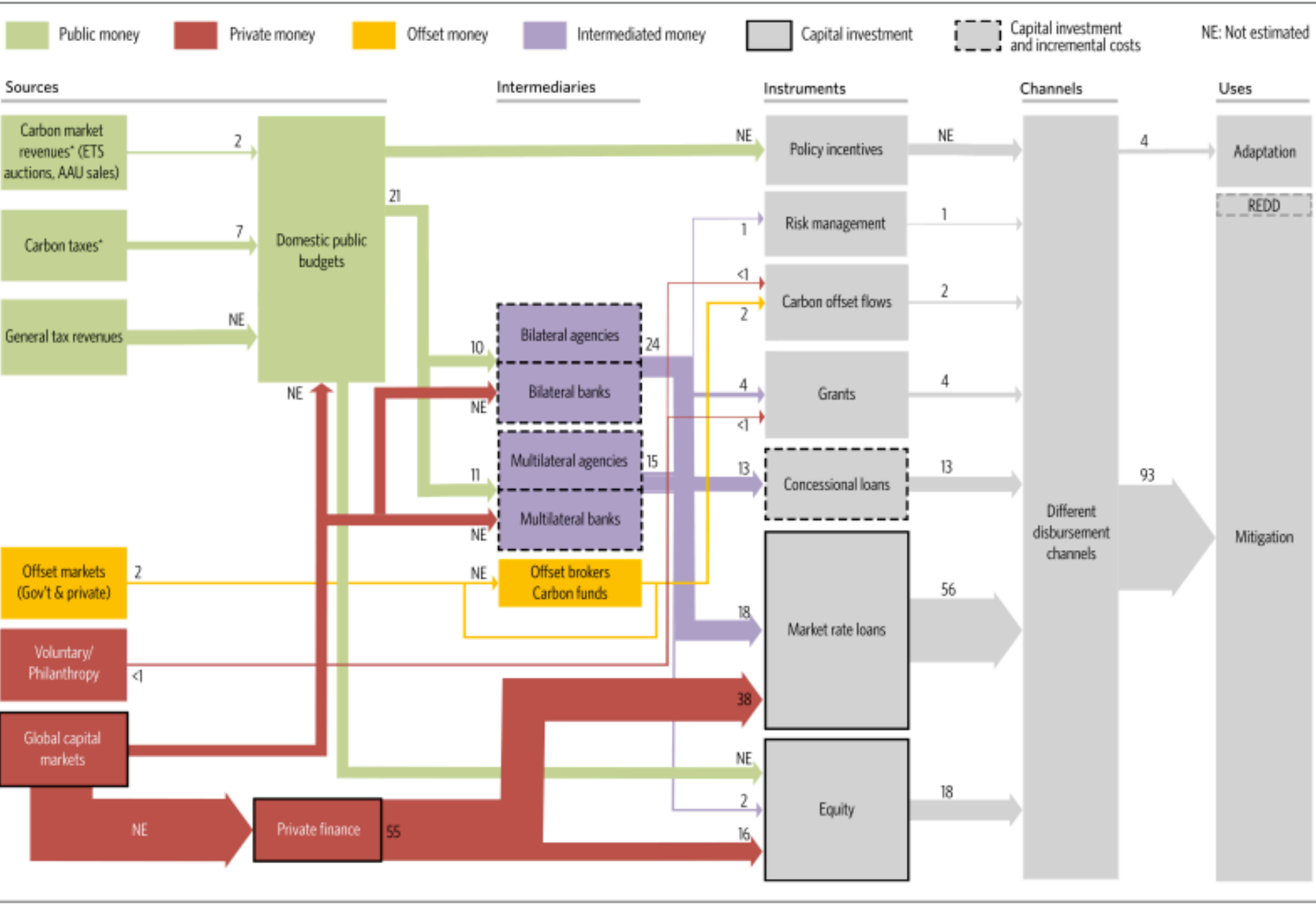
The easy way out?

- Around 55-70 billion USD per year already
- Developed countries are looking to private finance to meet the 100 billion commitment

Not an acceptable way out

- Does not and cannot finance adaptation needs
- Cannot replace grant money
- Does not benefit Least Developed Countries
- Cannot replace governmental commitments
- Cannot pay for the climate debt

gure ES-1. Current climate finance flows (in USD billion)



ource: Climate Policy Initiative (CPI)

We need « innovative » finance to scale up public finance

Money that is…

- Public but not dependent on domestic political and economical health
- New
- Additional to ODA
- Win-win
- Accountable
- Sustainable and long-term
- Equitable

This kind of money is said to be « innovative »

INNOVATIVE FINANCING CAN SUPPLEMENT DIRECT BUDGET CONTRIBUTIONS

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3 high-level reports promote innovative financing for climate change

- Ban Ki Moon's AGF report in 2010
- IMF/WB G20 Report in 2011
- Bill Gates Report for the G20 in 2011.

A number of promising options on the table

- Financial Transactions Tax
- Levy on shipping C02 emissions
- Levy on aviation C02 emissions
- Fossil Fuel Subsidies Reform.
- Special Drawing Rights

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Example 1. Implementing a Financial Transactions' Tax in Europe

WHY?

- To tackle speculation and price volatility on European markets
- To provide substantial revenue for climate change: **10 to 30 billion?**

HOW?

- By agreeing to an FTT among EU States
- And earmarking the revenue raised to climate change

WHEN?

- France implemented an FTT this year: 1.6 bn euros a year
- Last EU summit decided that 9 States would implement an FTT
- Now need France and States to collectively decide to earmark revenue to the Green Climate Fund.

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Example 2. Fossil Fuel Subsidies Reform

WHY?

- To reduce fossil fuel consumption and production
- To mitigate Climate change: **-10% C02 emissions in 2050**
- To « free » money for investments in renewable energy: **10 billion USD a year** (i.e. 20% of developed countries' subsidies)

HOW

- By ending fossil fuels in developed countries
- By changing investment policies at the IMF, the World Bank, and European Investment Bank in favor of low-carbon development projects

WHEN

- Commit to ending and redirecting fossil fuel subsidies **Rio+20**
- Vote against fossil fuel projects at the **World Bank**
- Support FFS reform as a promising source of climate finance the UNFCCC in the **LTF work programme**

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Example 3. Fair and global levy on shipping

WHY?

- To reduce CO2 emissions from an increasingly polluting sector: **by 5 to 10% by 2020** compared to current emissions levels
- To raise revenue for the GCF: up to **10 to 14 billion** US$ each year

HOW?

- By establishing a a levy on ships, fuel or CO2 emissions
- By compensating LDCs and SIDS financially for any economic incidence
- By **channeling a major share of the revenue** to the GCF

WHEN?

- Sending a strong signal to the IMO on the use of revenue for climate finance and CBDR in conclusions of the **LTF work programme** in Doha (December 2012)
- Adopt the mechanism at the **IMO's next General Assembly** (November 2013)
- Start leveraging money by end 2014

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1. Ensuring climate justice through compensation to LDCs and SIDS

Pays	Part du pays dans les importations mondiales par voie maritime	Indemnité compensatoire annuelle (dans le cas d'une taxe à 25$ la tonne de C02)
Sénégal	0,05	10,4 millions $
Togo	0,0077	1,4 million $
Bénin	0,0103	2,5 millions $
Mali	0,147	2,9 millions $

2. Ensuring climate justice by channeling remaining funds to the Green Climate fund

☺ 10 to 14 billions US$/year for the GCF☺

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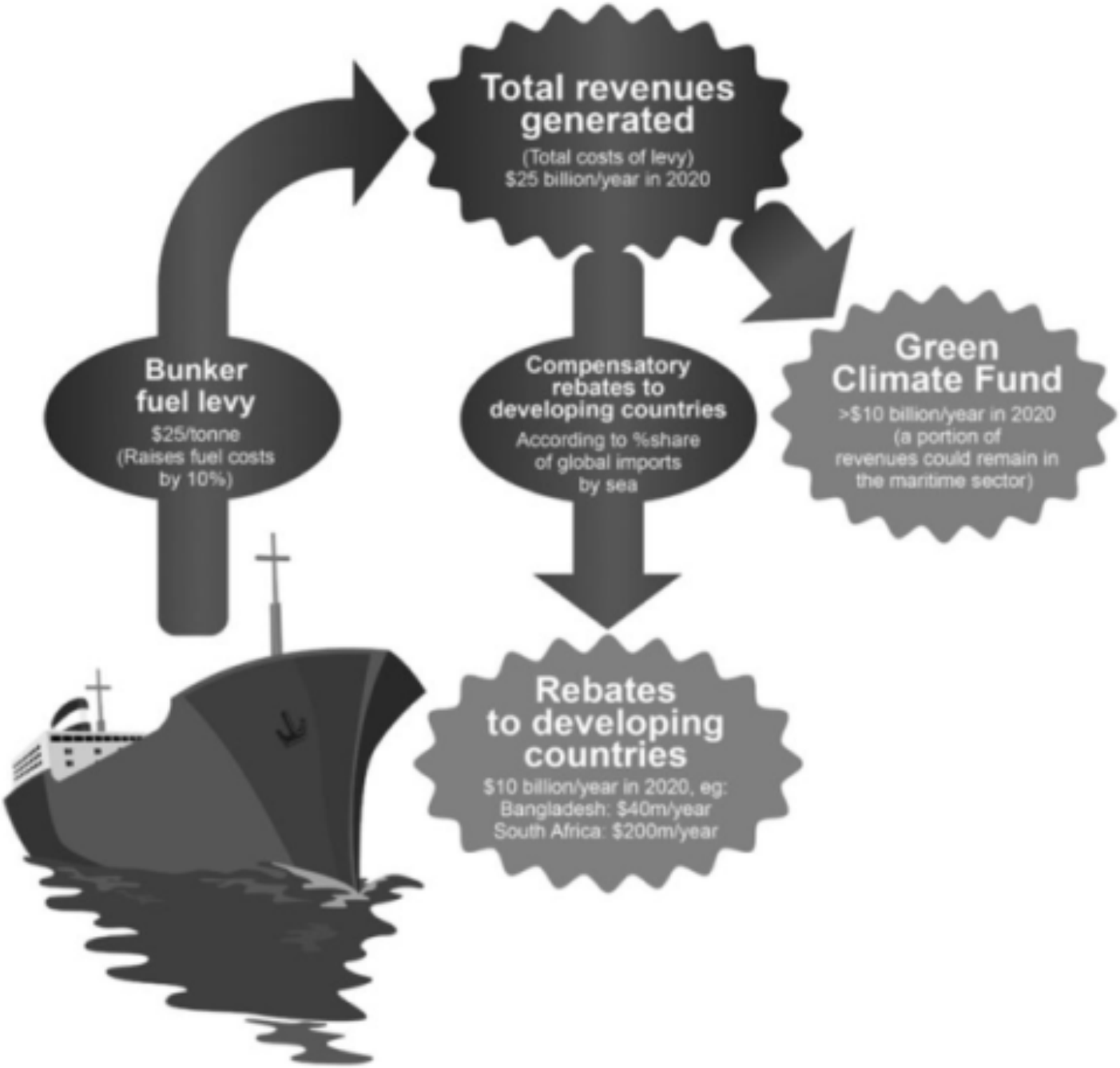

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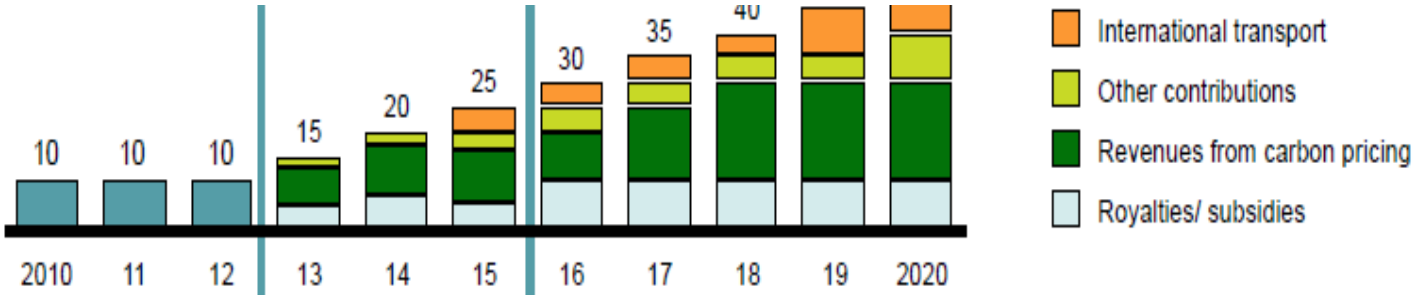
Scaling up to 100 bn public finance by 2020 is possible!



Revenues in $bn from new sources				Ramp up requirements
▪ Public contributions from new domestic sources	~5	~5	~10	
– Removal of fossil subsidies redirection of fossil royalities				▪ Requires phasing out of subsidies and redirection of royalties in with about 50% redirected starting 2012
– Revenues from carbon pricing	~5-10	~10–15	~15-20	▪ Carbon pricing introduced in majority of Annex I countries through taxes or emission trading ▪ Requires domestic legislation ▪ Assumes pricing rising to $25/t; share earmarked for international climate finance at 2-10%
– Other	~5	~10	~10	▪ Further budget contributions mobilised over coming 10 years
▪ International transport	~1–2	~2–3		
– Passenger tax in individual countries/ regions				▪ Passenger tax introduced by 2013 in majority of Annex I ▪ Global negotiations led by IMO/ ICAO to agree int'l approach
– Levy for aviation and maritime			~10	▪ Approach to international transport agreed to by 2012/13, implementation of infrastructure and processes by

What still remains to be done to establish/implement these new sources?

- **Agree on the legitimacy and importance of these sources**

By building a common understanding

- **Ensure they do not affect developing country economies**

By conducting impacts assessments and addressing CBDR issues

- **Ensure the revenue raised is used to tackle climate change**

By calling strongly for new public climate finance as part of the 2015 deal

- **Send a strong signal to the relevant organisations** to establish/ implement these mechanisms

Through decisions in Doha and the LTF work programme

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IT ALL COMES DOWN TO POLITICAL COMMITMENT FROM BOTH DEVELOPING AND DEVELOPED COUNTRIES

A key role for African decision-makers and CSOs in the finance negotiations

- **Through the AMCEN conclusions, African Environment Ministers and stakeholders can:**
  - Highlight the potential financial gap in 2013 if there are no new commitments to scale up climate finance until 2020 at COP18
  - Call upon developed countries to commit substantial funding for the Green Climate Fund as soon as COP18 to start disbursing climate finance as soon as 2013 and successfully launch the GCF.
  - Support the complementary role of innovative sources of public finance like the European FTT or the tax on global shipping emissions within the 100 billion US$ commitment. As long as they are fair to LDCs and SIDS.

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THIS IS WHY WE ARE HERE

C. A key role for the long-Term Finance Work Programme

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A decision in Durban

- An ongoing decision on sources since Cancun
- An ask in Durban from the G77+China, AOSIS and NGOs
- A huge fight with the EU and the US on the expected outcome of this work programme: **dialogue or decision?**

Para 127 of the Durban Decision.

Decides to undertake a work programme on long-term finance in 2012, including workshops, to progress on long-term finance in the context of decision 1/CP.16, paragraphs 97-101;

Aims for the work programme

- *130. Decides that the aim of the work programme referred to in paragraph 127 above is to* ***contribute to the on-going efforts to scale up the mobilization of climate change finance after 2012;***
- *The work programme will analyse options for the* ***mobilization of resources from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources*** *and relevant analytical work on the climate-related financing needs of developing countries;*
- *The analysis will draw upon* ***relevant reports including that of the High-level Advisory Group on Climate Financing and the report on mobilizing climate finance for the Group of Twenty*** *and the assessment criteria in the reports, and will also take into account lessons learned from fast-start finance;*

A programme until Doha

- 2 co-chairs from South Africa and Norway
- 2 workshops in July and September
- Open to private and NGO expertise
- A report 6 weeks ahead of COP18

We need progress on innovative sources by Doha

- Need for **concrete recommendations** on how to mobilize the 100 billions and send a strong signal to relevant organisations
- **Need for a roadmap**:
  - Which public sources
  - What role for the private sector and private flows
  - What trajectory from 2013 to 2020
  - What burden-sharing
  - An overview of needs for adaptation and mitigation
- Need **explicit commitments** to provide financing from 2013 onwards,

AND A FIRST ROUND OF PLEDGES FOR THE GCF

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