

Climate changes financing

by Diana Cakule



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What do we need in COP15?

- – ambitious cuts by all developed countries - and many need to step up their current pledges,
- – appropriate mitigation actions by developing countries, especially those that are economically more advanced
- – an effective global architecture to give the right incentives to galvanise investment into a low carbon economy.

Total financial needs

- European Commission: finance requirements for adaptation and mitigation actions in developing countries could reach € 100 billion per year in 2020.
- But : World bank states that even US\$10 – 40 billion annually only for adaptation.
- Other estimates

Structure of financial flows

Structure of financial flows by 2020:

- domestic finance (public and private) in developing countries
- global carbon market – 38 billion euros
- international public financial flows by developed countries – 22-50 billion euros

The structure of international public finance

Contribution according to global formula
which is based on 2 main criteria :

1) ability to pay

2) responsibility for emissions

Contributions from all countries except
least developed

What will be the weight of these 2 criterias?

10%GDP - 90%GHG;

50%GDP - 50%GHG;

75%GDP – 25%GHG

90%GDP – 10% GHG

90%GDP – 10%GHG, is it fair?

The latest statements shows – that it will be a good achievement if the decision in COP15 is 90%GDP – 10%GHG.

Reflexions on 90%GDP – 10% GHG

- Does it mean that developing countries are interested only in developed countries high GDP financial contributions?
- It is clear that high GHG element provides incentive to cut emissions, and acknowledge early action to reduce emissions
- Choosing low %GHG level, there is no interest in reducing emissions and there is principle that “polluter” pays shoudn't pay?

Calculations

- When stating the numbers, we should be clear about the “base” year for GDP and GHG
- - there is clear evidence GDP 2005 or GDP 2008
- The estimates can vary very largely year by year



Good governance principles

Fair/transparent system

Creation of a new Fund?

The elaboration of high quality of low-carbon growth plans

The creation of the registry

The introduction of the “matching” system = > project - financement

The implementation of the monitoring and control system

Fast start financing

- needed for adaptation, mitigation, research and capacity building in developing countries
- € 5 to 7 billion per year, already in 2010-2012
- Under UNFCCC- financial contributions from some countries are on voluntary basis

Fast start financing challenges

- Economic and financial crisis situation (governments should deal with social issues, fiscal implications - high debt level, budget deficits)
- The coherence with the existing development policy and financial aid flows

Why so much run about fast start financing if there are already available instruments?

Existing instruments in the framework of development aid

Use of the already established instruments (under UNFCCC) and bilateral channels

ODA – Official Development Aid

Role of International Finance Institutions (World Bank)

EU starts with the ambitious plan

Fast start financing – 2010 – 2012

EU is very ambitious by providing up to € 0.5 – 2.1 billion in 2010-2012 p.a. = 30% of the total amount

How ambitious will be other countries? US, Japan, etc

Post 2012

- EU is ready to provide € 2 – 15 billion p.a.,

And others?

- *Mexico proposes creation of a Green Fund*
- *The Swiss proposal - foresees governments collecting a levy on their country's emissions amounting to \$2 per ton of carbon dioxide emissions.*

Bargain deal in COP15?

Possible additional sources for climate changes financing

- Introduction of the carbon tax
- Tax on international transport (maritime, aviation)
- Introduction of financial transaction tax

How to ensure the administrative efficiency?

Conclusions – still open questions

- Will be COP15 achieve the success, or we can wait another 1-2 year? (till 2013)
- What will be the envelopes' amounts provided by the developed countries?
- What will the commitments from developing countries?

Conclusions – answers

- Only 10 days to wait...

7 december – 18 december 2009 – COP15

But...

- Everything starts from information and education and from every individual perception.

Thank you for your attention

