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New funds for Climate Change The policy challenges

Toby Quantrill

WWF-UK

Acting Co-Chair of Development and Environment Group, BOND

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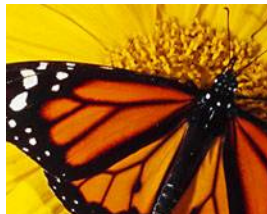




What's the Climate Challenge?

Climate Change Threatens progress on MDGs. It IS a development challenge

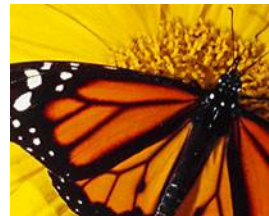
- Locked in for further warming of at least 1.8 °C this century and could get a lot worse
- Recent analysis of current emissions trends (including emerging economies and deforestation) by Tyndall centre shows that while we should still aim for 2°, we need to develop adaptation plans for at least 4°
- There are costs, limits and barriers to adaptation – we cannot adapt our way out of the problem if we do not mitigate effectively.





UK Civil Society Role

- UK campaigns to ensure public support for action
- Service delivery and support to southern partners
- Holding to account, ensuring transparency, southern voices
- Using experience to get the responses right





Getting the Climate policy response right the opportunities

- Bringing together Environment and Development NGOs (but requires mutual understanding and compromise)
- Climate Change opens ‘political space’ for debate on core issues of development economics (growth model), social justice, equity, environmental limits
- New Global architectures for governance and finance
- Too big to risk self interest (individuals, institutions and nation states)

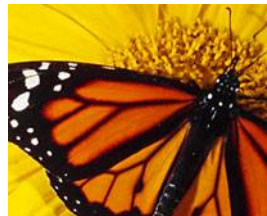




We need a coherent and systemic response

Adaptation and mitigation are linked and need to be considered as part of a single, integrated response. And it's not just about financial costs, other issues will need to be considered as part of the deal such as:

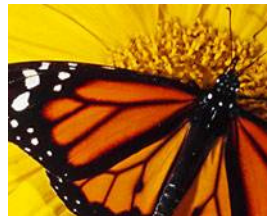
- Technology transfer
- Dealing with migration





What will it cost?

- Adaptation: Varying estimations from \$10s of billions to \$100s billions (all basically thumb-sucks to support advocacy)
- Mitigation: likely to be around 1% GDP by 2050 (Stern – before financial meltdown!). Trillions?
- Private finance will play major role in Mitigation but adaptation likely to be mainly public

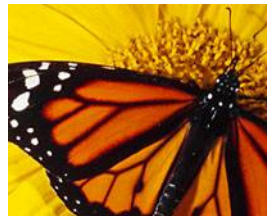




Who Should Pay?

Many variables. Different ways of calculating. Oxfam's 'Adaptation Financing Index' is one example based on principles of responsibility and capability set out in the UNFCCC and calculates that:

- US should pay over 40%
- EU should pay over 30% (Germany, UK, Italy, France Spain as top five, in order)
- Japan over 10%
- Canada, Australia, republic of Korea a further 10%
- (Oxfam, Dec 2007)



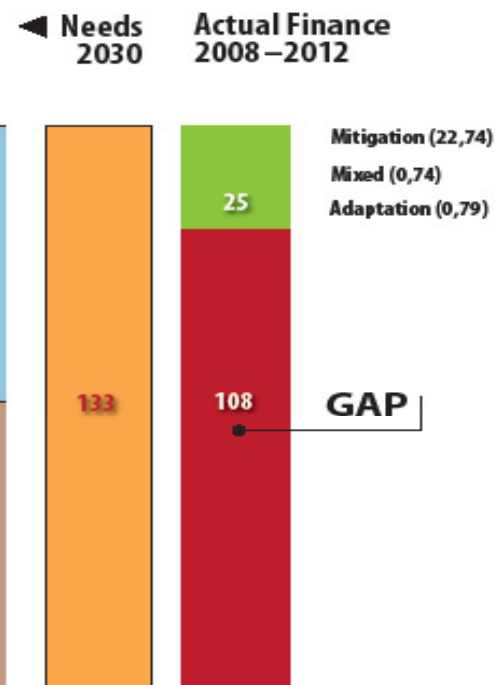


Where are we now?

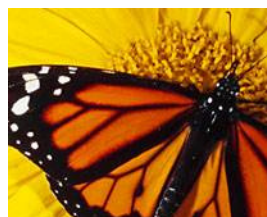
FINANCIAL FLOWS

all figures in billion US dollar

		High-end	High-end
NON-ANNEX I	Mitigation	Fossil fuel supply total	-32,00
		Power generation + T&D total (fossil & renewable) *	-5,60
		Industry	19,10
		Transport	35,50
		Building	14,00
		Waste	0,60
		Agriculture	12,80
		Forestry	20,90
	Technology R&D	-	65,30
	Adaptation	Agriculture, forestry, fisheries	7,24
Water supply		8,00	9,00
Human health		3,76	5,39
Coastal zones (8)		4,60	5,00
Infrastructure (9)		2,40	41,00



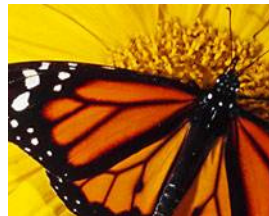
* fossil and T&D total = -79,00 / non-fossil and CCS total = 73,40 | ** fossil and T&D total = -77,00 / non-fossil and CCS total = 75,10





What we need; Three key elements of a global financial architecture for climate change:

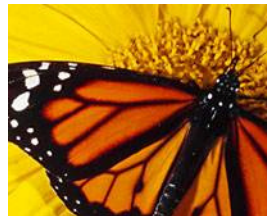
- Innovative means to raise funds
- An institutional arrangement and governance of funds
- Effective disbursement of funds





We got some principles (and if you don't like these, we've got others)

1. Adequate, reliable, predictable URGENT!
2. Polluter pays (differentiated responsibilities)
3. Integrated with BUT new and additional to ODA
4. Measurable, verifiable, reportable
5. Transparent
6. Representative (NOT donor –recipient)
7. Appropriate use of Grants v loans
8. UNFCCC primacy
9. Promoting equity and targeting vulnerability (eg poor)
10. Feasible????





Applying the principles: from UK ETF to World Bank Climate Investment Funds

- Launched by UK as ETF in early 2007
- Developed into Multilateral effort, delivered through a trust fund hosted by the World Bank

Climate Investment Funds → Clean Technology and Strategic Climate Fund (Pilot Programme for Climate Resilience and Forest Investment fund)

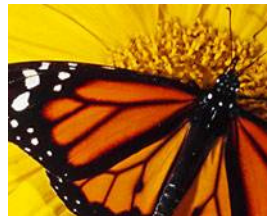
- Now \$6 billion + and ten countries committed





NGO shared concerns

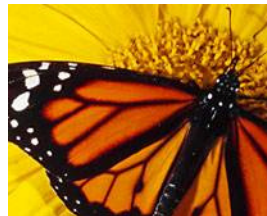
- **Process:** G8 led, donor driven and no clear participation
- **Governance:** donor controlled and developing country participation limited to 'consultative' status
- **Climate politics:** implication of support for the MEM process or tactical inclusion of US towards UNFCCC
- **UNFCCC Adaptation Fund:** potential parallel processes? Support for UNFCCC Adaptation Fund or separate fund.
- **Concessional finance:** appropriateness of using loans for adaptation?
- **Role of the Bank:** continued support for fossil fuels and problematic environmental track record. These concerns will need to be addressed.
- **ODA:** Counting of Climate Change financing towards 0.7% of GDP. Case of Netherlands: additional to ODA.
- **Creation of new institutional architecture** for global financing for environment and development outside of existing MEAs and agreed multilateral platforms?





Development and Environment Group: actions

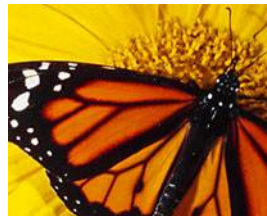
- DEG = Environment-Development network of BOND.
- Series of coordinated meetings and consultation with DFID, DEFRA, treasury and WB. Engagement is still ongoing
- Developed shared principles with UKAN and BWP
- Commissioned shared research (eg mapping of funds, WB carbon report etc)
- Series of joint letters and statements based on principles
- Picked up and reflected in global lobbying eg TWN, CAN
- Facilitated Southern CS participation in recent Partnership forum
- Have tended towards 'pragmatic – eg funds will happen, how to make most effective against principles





Current status

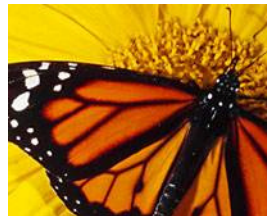
- Proposal agreed and 10 countries now committing funds to tune of \$6.1 billion
- Improved governance structures (eg equal representation developing countries, links to UNFCCC)
- Agreed sunset clause
- But still a lot of problems, questions and suspicion – Our work goes on!





What can we do?

- Need to get connected. CAN, BOND-DEG, Up in Smoke
- Coherent campaigns, coherent advocacy, stronger messages!
- Increase southern voice – getting our partners linked in
- Other suggestions?





Thank you!

For further information:

Tquantrill@wwf.org.uk

Maria.Arce@practicalaction.org.uk

