

Towards a Global Climate Fund

Principles for Poznan and Beyond

In a world long plagued by poverty, the climate crisis is now terrifyingly urgent. We, the undersigned groups and organizations, understand that to meet these crises, the global community will have to rapidly mobilize at least on a scale comparable to recent responses to the global financial crisis. In the face of the economic meltdown, over four trillion US dollars were mobilized in a mere two months. To successfully face down the climate crisis, a similar level of ambition is needed.

Today, despite international commitments to address deepening impoverishment and the food crisis, the developing world is still forced to use much needed resources to pay for illegitimate debt. Wealthy nations continue to provide hundreds of billions of US dollars in subsidies for rich companies that produce fossil fuels. In order to signal new priorities, these practices must be stopped, immediately. Debts must be cancelled. Public subsidies to dirty energy must end.¹

Taking into account historical and current contributions to global warming, nations will need to make deep cuts in greenhouse gas emissions. Developed countries must fulfill their obligations to lead in reducing emissions and to provide significant financial and technological resources to developing countries with the complementary goals of enabling nations, communities and people to effectively deal with current and unavoidable climate impacts and to make a rapid transition to clean-energy possible. As agreed in the UNFCCC, the extent to which developing countries fulfill their obligations will depend on effective implementation by developed countries of their binding commitments, particularly relating to financing and technology.

In this context, we call for an enhanced financial architecture including a new Global Climate Fund² to be set up under the control of the United Nations Framework Convention on Climate Change (UNFCCC) that adheres to the following principles:

Substantial, obligatory and automatic funding In order to finance programs for dealing with the impacts of climate change (adaptation) and the shift to a clean energy low-carbon development path (mitigation) in developing countries hundreds of billions of new and additional US dollars will need to be provided annually.³ The Global Climate Fund needs to be large enough to sustain distinct financing

¹ Except subsidies designed to improve local access to energy and transportation by the poorest, with the lowest possible carbon content for all options supported.

² This call for a new Global Climate Fund recognizes and builds on the recent proposal by the broad grouping of developing countries (the "Group of 77 and China") for a new climate financing regime, and supports the demand that no funds outside the UNFCCC process, particularly noting those of the World Bank, be counted toward binding commitments of financial support by developed to developing countries. This proposal supports the G77 and China proposal and goes further by elaborating just and fair principles that must be at the core of any climate funds.

³ On mitigation, the Stern Review estimated that stabilization at 500 CO₂-equivalent – an ambitious but still extremely dangerous level – would cost about 2% of Gross World Product (currently \$1.2 trillion) annually. (Nicholas Stern, *Towards a Global Deal on Climate Change*, UNECOSOC, June 30, 2008). The actual costs of mitigation may be higher because the necessary stabilization level is likely to be more demanding than Stern's 500 CO₂-e level (a level of 400 CO₂-e, or 350 in CO₂ terms, would be far safer). Further, on adaptation, cost projections are radically uncertain, but likely to rise to hundreds of billions of US dollars per year (UNFCCC, *Investment and Financial Flows to Address Climate Change*, gives an upper bound of \$171 billion, but this is a preliminary estimate). All told, the total costs of the necessary

windows for mitigation, adaptation, and reducing emissions from deforestation and degradation. The core financing of this Global Fund must be obligatory and automatic rather than voluntary. Diverse sources will be required to generate the volume of funding needed, and they must be established on the UN principle of “common but differentiated responsibilities” based on countries’ historical and current contribution to global warming and their capacity to pay.⁴

Representative Governance The governance of the Global Climate Fund must be democratic, transparent, and accountable to all, especially the impoverished and vulnerable communities most affected by global warming. Developing countries should have strong, direct equitable representation in decision-making and technical bodies. Civil society groups, social movements and indigenous peoples, from developing and developed nations, must be formally represented within all governance structures.

Participatory Planning The Global Climate Fund must assist countries with financial and technical support to carry out national climate action plans designed by countries through a sovereign and democratic process that ensures the full participation of climate impacted peoples. Plans will include actions and policies that will enable people and communities to deal with the impacts of global warming and ensure the shift to low-carbon economies (addressing the energy, transportation, and agricultural sectors among others).

Capacity Building Financing must be made available to developing countries for the development, application, transfer and dispersal of sustainable and equitable technologies, practices and processes according to developed country obligations. In addition, resources should be directed to building local capacity and expertise, and to developing appropriate technologies and people-centered strategies for coping with a shifting climate.

Access for the Most Vulnerable Climate finance must go to government agencies, but we insist that people’s organizations, social movements, NGOs and community-based groups also have direct access to funds.⁵ In particular, climate-related activities on indigenous lands, like forest protection and restoration, should go directly to those representative indigenous organizations to strengthen their sustainable territorial management programs. Women must have equitable decision making power with respect to how funds are accessed, used and evaluated. The process for accessing resources from the Global Climate Fund should be clear, transparent and simple to encourage the most vulnerable communities to take advantage of available support.

global effort will likely be measured in the trillions, and some significant fraction of this would need to be distributed through the Global Climate Fund. Accomplishing this effectively would require properly staffing the UNFCCC secretariat and its operating entities.

⁴ Possible financing for Global Climate Fund requires further exploration, creativity and debate, but could include: Taxes on bunker fuels, aviation, fossil fuel exports and other sources of greenhouse-gas emissions; levies on Gross National Product and historical responsibility; carbon debits on investments for their contribution to greenhouse gas emissions; auctions of national and international greenhouse gas emissions permits; currency transaction taxes (CTT); and bonds.

⁵ The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) serves as a model for a Global Climate Fund in its provisions to allow civil society organizations to directly apply for money from the Fund. However, it is important to note that other impediments, such as poor communication with civil society and lack of government experience with and/or commitment to work with civil society, have impeded the access of civil society to the GFATM.

Strengthens Rights The activities and policies of the Global Climate Fund must underscore key global agreements, such as the UN Universal Declaration of Human Rights and the UN Declaration on the Rights of Indigenous Peoples. It must uphold the right to sustainable development - with full cost support for non-fossil fuel based, truly renewable energy⁶ - to ensure that impoverished and vulnerable people are protected from the burdens of shifting to a clean-energy economy. The fund should strengthen peoples' right to food and energy sovereignty, and gender justice.

Address Root Causes The climate crisis is spurred by the rampant and inequitable over-consumption of the earth's limited resources and the race for profits at great cost to people and the environment. A modest percentage of the fund's resources should be dedicated to activities like South-South information sharing on best practices and techniques, and education of industrialized countries' peoples on sustainable lifestyles and the need to limit undifferentiated growth toward the goal of reducing global inequality.

We, the undersigned, firmly believe that establishment of a Global Climate Fund with adherence to and incorporation of these principles is vital to the success of any global climate regime.

Signed

ActionAid

Africa Jubilee South

Africa Network for Environment and Economic Justice

Daughters of Mumbi Global Resource Center (Kenya)

EcoEquity (US)

Essential Action (US)

Freedom from Debt Coalition (Philippines)

Institute for Policy Studies' Sustainable Energy and Economy Network (US)

Institute for Public Policy Research (UK)

International Forum on Globalization (US)

Jubilee South-Asia/Pacific Movement on Debt and Development

Oil Change International (US)

Programa Chile Sustentable (Chile)

Vitae Civilis Institute for Development, Environment and Peace (Brazil)

This statement was originally drafted by a working group at the International Forum on Globalization's Climate Strategy Session on Copenhagen's Economic Architecture in Washington, D.C. on November 15-16, 2008, in preparation for the United Nations Framework Convention on Climate Change negotiations.

⁶ Renewable energy financing should exclude sources that degrade the environment, threaten human health, and cause massive community dislocation like nuclear energy, agrofuels and large hydropower projects.