



## **A Just and Global Green New Deal**

Our global responses to the recession and climate change are inextricably linked. Political and policy decisions in the next ten months on the recession and on climate change will define whether our planet and its people are heading for a brighter future of prosperity and climate security, or a future of inequality, poverty, conflict, and destructive climate change.

If governments round the world respond appropriately, the twin economic and climate crises could prove a profound and catalysing turning point in moving to a more just, equal and sustainable world. A just and global green new deal could be both an economic and a political turning point that will mark the start of a new era.

### **One bleak scenario**

But a much more negative scenario is only too likely. There is a real risk that global recession, and the financial collapse in richer countries, could directly undermine the political will needed, particularly in those richer countries, to get to an adequate and fair climate change deal at Copenhagen in December this year – a deal that is vital for our common future.

As the recession deepens in the OECD countries, will governments still have the courage and responsibility to face up to the need for urgent action, and genuine commitments to cut their emissions, through transforming their economies, not least their energy and transport systems, and halt runaway climate change? And will the richer country governments make the moves necessary to build trust and goodwill in developing countries to get to a Copenhagen deal?

If 2009 turns into a year of northern countries cutting development aid in the face of recession, of refusing to invest in transformative policies to cut their own emissions, and of refusing to provide the necessary adaptation funding for poorer countries to deal with already irreversible impacts of climate change, then there will be no chance of a global political deal being done at Copenhagen.

Despite the commitments to increasing aid to 0.7% of gross national income by 2013, few countries will hit the interim goal of 0.56% of GNI next year, and some, like Italy, are already cutting aid. Meanwhile on climate change, developing countries have substantially lost confidence and trust in richer countries' commitment to providing adaptation funding – something seen starkly at the Poznan climate change meeting last December. This loss of trust is further compounded when developing countries see the EU's draft communication on climate change (to be agreed at its summit on 19th March), which still lacks any concrete figures on the EU's adaptation funding commitments. Unless trust is built up, not further broken down, there will be no chance of a deal at Copenhagen to keep global warming below 2 degrees.

In this bleak scenario, poorer countries will become poorer and more vulnerable still – increasingly hit by the twin hammer blows of recession and climate change, both of which have been imported from and caused by their richer neighbours. The world's poor people and the countries they inhabit did not cause climate change, nor the economic and financial crisis – yet they are most vulnerable to it, and least able to adapt given their own lack of resources. Richer countries must face up to

their responsibility – and their capability – to invest in and pay for appropriate solutions.

## A green and just scenario

But instead of letting the shock and impact of the ever-deepening global recession undermine the political commitments vital for a global climate change deal, northern governments can choose to do the opposite: to turn the recession to the advantage of all – of both people and planet.

Many have recently suggested a 'green new deal' as a way forward in the midst of the worst economic crisis since the 1930s. But important though such proposals are, they have mostly focused narrowly onto richer economies. Such a partial approach – greening northern economies recovery packages – is certainly better than nothing.

But there is an opportunity to go much further and to create a just and global green new deal. This is a route to contributing substantially both to building the vital political will around the world for a Copenhagen deal and, in the process, contribute to shielding the poorest from the full effects of the global recession.

A range of policies are needed to successfully pull economies round the world out of the economic crisis. And a series of actions are needed to get not only to a climate change deal but to implement the real actions needed to cut emissions. A just and global green new deal will not cover this full range of policies. But what it can do is set out a core group of policies as part of a global compact that commits to making the interaction between economic and climate change crises a positive, innovative one not a vicious downward spiral. Such a just and green new deal can then help to underpin and not undermine the political courage and consensus that will be needed to reach a deal at Copenhagen.

Genuine leadership and political will among the richer countries is needed for them to recognise their overwhelming responsibility for both the economic and the climate change crises and to do what they can to use these crises as catalysts for positive action. If they do not, the outlook will be grim indeed.

## Components of a just and global green new deal

To ensure that international responses to the recession (i) help all countries and not just the rich and (ii) contribute to the political will and trust necessary for a climate change deal at Copenhagen, a just and global green new deal must contain at least the following three elements:

- Green fiscal stimulus packages for richer countries, to be combined with public pledges that these new green measures will form part of investments and actions necessary to cut rich country emissions by at least 40% by 2020 from 1990 levels;
- Fiscal stimulus packages for poorer countries, to be funded by richer countries, to constitute at least 3-5% of poorer countries' GDP;
- Commitment now, by the richer countries, to provide at least \$50bn for adaptation funding in poorer countries and to start providing some of that funding immediately.

Taken together, this package of measures would constitute an immensely strong statement by richer countries that they will not let the global recession distract them either from tackling climate change or from continuing to tackle poverty.

## Green fiscal stimulus packages

Governments in Europe, North America and elsewhere have been putting together ever larger fiscal stimulus packages to limit the depth of recession in their domestic economies. But despite many calls for such fiscal stimulus packages to be seriously green, progress on serious design of 'green new deal' packages – or

even on announcements – is at best patchy so far. And behind-closed doors, discussions ahead of the April 2nd G20 summit in London are said to be showing reluctance among some of the G20 to even put climate change on the agenda.

This lack of urgency is unacceptable. Richer countries must grasp this moment and integrate their recession and climate change policies now, creating a serious transformation in particular of their energy and transport systems. Fiscal stimulus packages must be made sufficiently green to ensure they make a major and verifiable contribution towards cutting rich country emissions by at least 40% by 2020 from 1990 levels. All such packages and investment plans must be subject to an independent and transparent 'carbon audit' that assesses their impact on carbon emissions and the shift to a low carbon and green economy.

## **Fiscal stimulus packages for poorer countries**

Many poorer countries were protected from the earliest stages of the financial crisis, since they have less complex and less distorted financial systems. But as the economic crisis has spread, poorer and emerging economies are increasingly being hit. A rich country funded fiscal stimulus package of 3-5% of poorer countries GDP can provide one element of the inputs these vulnerable communities and economies will need if years of development progress are not to be undone. This will need to be additional to existing aid commitments if it is to act as an effective stimulus – such funds could, in fact, be created if governments decided to bring forward their commitment to 0.7% of GDP aid, or they could come from other new funding.

In developing countries, such stimulus packages would help enable governments to increase spending on critical social protection and long-term development projects so that the economic crisis does not wipe out recent advances in poverty alleviation, education and healthcare. Developing country governments could also prioritise job creation by increasing the resilience of their economies and infrastructure to climate change, and by investing in energy efficiency and renewables to reduce dependency on increasingly expensive (and price-volatile) fossil fuels. Such investments should also achieve important development objectives like alleviating energy poverty and reducing the vulnerability of poor communities to climate change.

## **Monitoring impact**

The responsibility for climate change and so for cutting emissions – and so mitigating climate change impacts – rests with the richer countries. They must move first, fastest and furthest if the climate change talks are to succeed.

However, given that not all the action required to deal with the urgency of climate change can take place in rich countries in the short timelines available, they have also undertaken to finance emissions reductions in developing countries. A transparent way to measure both, the support provided by rich countries and emissions reduction action by developing countries, will be on the agenda in Copenhagen.

And so the provision of fiscal packages in developing countries can also help to open up another opportunity that can contribute to the success of the Copenhagen negotiations: to monitor and report on the impacts of these stimulus packages on developing economy emissions. Not as part of conditionality – this is not about imposing emissions cuts on developing countries and making finance conditional upon that. Developing countries, where per capita emissions are a fraction of those in the developed world, have no obligation to take on emissions cuts before rich countries have undertaken their fair share. The opportunity is for learning how to transparently measure, report and verify emissions reductions in developing economies.

This is a current and critical debate within the global climate negotiations where rich countries are required to provide 'measurable, reportable and verifiable'

support to developing countries in order to achieve 'measurable, reportable and verifiable' mitigation actions in the South. A common approach for how to do so, accepted by both developed and developing countries, will build trust and lay an important foundation for a fair and safe deal at Copenhagen. To this end the G20 should embark upon a collaborative effort, financed by the G8 members, to measure the emissions impacts of the stimulus package in non-G8 members, and report to the UNFCCC in order to inform the ongoing negotiations.

## Adaptation Funding

The world is already witnessing unavoidable impacts of climate change, which are hitting poorer countries hardest. The number of people affected by climate-related disasters has risen exponentially in the last four decades, resulting in losses of life and livelihood and threatening progress towards achieving the Millennium Development Goals.

Pro-poor adaptation responses must be considered an opportunity for economic growth and development rather than a drain on international financial resources. Investment in adaptation responses is the right thing to do and can also lead to economic growth by preserving valuable ecosystem services and reducing vulnerability of people and economic sectors. Investments in adaptation responses can and must save lives, economies, and natural resources and such investments must be targeted to those most vulnerable to the effects of climate change.

Considerable analysis already exists of the types of investments and activities that will be needed in both poorer and richer countries to adapt to changing climatic conditions. Examples include investments in malaria research and early warning systems as a means to prevent disease, updating coastal zone management and restoring fisheries to enhance local economic activity, training farmers on advanced techniques that save water and on planting drought-resistant seeds, and developing new irrigation and clean water technologies. Oxfam has estimated that at least \$50bn is needed annually to support adaptation in developing countries. This funding must be additional to, and separate from, existing aid commitments, in the form of grants not loans and governed under the auspices of the UNFCCC to ensure an equal voice for poorer countries.

Not only is this funding vital for poorer countries, but the willingness of richer countries to commit to this funding is a crucial element of any political deal for Copenhagen. If richer countries want to contribute to countering both existing trust deficits between rich and poor, and the potential negative political and economic impacts of the global recession on the dynamics of the climate change talks, they have the opportunity. They must commit immediately to supporting adaptation to the level of at least \$50bn – and not wait until later in the year for any such commitment. And they can frontload this commitment and start making a substantial proportion of these funds available from now. This would both help poorer economies facing the global growth collapse, and would have a huge impact on political trust and goodwill across all the countries negotiating under UN auspices.

## Time to Choose

It's a time of choice. Governments can either grasp the twin challenges of global economic and climate crises and turn these into the building blocks for a fair, just, and sustainable world. Or they can turn their backs, turn inwards and fail to rise to these challenges. A just and global green new deal can give vital political and economic momentum at this critical juncture. If richer country governments choose not to act, they risk completely undermining the chances for a deal at Copenhagen, and undermining progress in ending poverty. The time to choose is now.

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