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Find It, Build It, Spend It:
Report on the Civil Society Climate Finance Strategy Meeting

23 -25 February 2010

Airlie Conference Center

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As the global climate change community prepares for the next round of negotiations in Cancun, Mexico in November 2010, attention has turned towards the fundamental question of financing. How will the world pay the estimated annual $100 billion price tag to mitigate and adapt to climate change?

On 23-25 February 2010, the World Resources Institute hosted a civil society strategy session in Warrenton, Virginia to generate a more shared understanding of the "climate finance" landscape. The meeting brought together "over 60 people from 15 countries with over 1,000 years of experience." Participants came from both developed and developing countries, and from a range of backgrounds in climate change, finance, and global governance.

The discussion focused on three critical aspects of the climate finance challenge—where to find the funds necessary to respond on a global scale, how to build the institutions that would manage and disburse these funds, and how to spend the funds in an effective way.

Key Takeaways

- **Innovative sources of finance:** Campaigns should move beyond traditional sources of public finance and encompass new and innovative sources. Participants identified four innovative sources for climate finance: financial transaction taxes, special drawing rights, shifting fossil fuel subsidies, and bunker fuel levies. Civil society organizations should test the political feasibility of these sources in various international forums.
- **G20 summits:** The G20 political process provides an opportunity to spotlight climate finance. In particular, the G20 provides an important forum for potentially scaling up climate finance through innovative sources of finance.
- **UNFCCC negotiations:** Civil society organizations should work towards consensus on a desired finance outcome for Cancun: a fully operational Green Climate Fund? A COP decision that will outline the next steps for the $100 billion in long-term funding provided under the Copenhagen Accord?
- **Fast-start pledges:** By mid-2010, an important outcome could be a framework for managing the fast-start funds under the Copenhagen Accord. This should include accounting and monitoring the pledges, and an equitable way of managing the funds.
- **National level finance:** Participants strongly agreed on the need to work on climate finance issues at the national level, where many funds will be managed. Civil society organizations should conduct deeper analysis on the various bilateral mechanisms proposed for climate finance. How will they be monitored systematically, and how will they be held accountable?
- **World Bank reforms:** A successful climate finance campaign will depend on collaboration with campaigns to reform the international financial institutions. The World Bank Group's spring and fall meetings in 2010—where governments will review the Bank's energy strategy and the role of the Bank in climate finance—provide important opportunities for campaigning. The controversial Eskom coal power plant in South Africa is a powerful example of the need for stronger governance of the climate funds.

This report provides an overview of the civil society strategy meeting. It does not capture the entirety of the discussion, nor does it represent a consensus of the participants. Rather, this report is intended to introduce a range of views on the critical issues that surround the climate finance debate:

- What is climate finance?
- What are the challenges of financing a global response to climate change?
- Find It: Mobilizing innovative sources to scale up climate finance
- Build It: Creating legitimate institutions for climate finance
- Spend It: Using scarce resources effectively
- Civil society strategies for moving forward

What is climate finance?

Climate finance is the channeling of public resources towards developing countries for mitigation and adaptation efforts to respond to the causes and impacts of climate change through frameworks and mechanisms that are equitable, leverage private sector capital, and in line with national development goals. Finding enough money to respond to the climate crisis is a critical challenge, but the sources of this money, and the ways that it is spent are equally important. During the Copenhagen COP in 2009, Brazilian President Luiz Inacio Lula da Silva said that "The issue is not only money. Some people think only funds or money would solve the problems. It did not solve the problems, it will not solve the problems of the present and will not solve the problems of the future." In line with the political challenges of the climate negotiations, the background paper for the strategy meeting defined climate finance as "the channeling of public resources towards developing countries through frameworks and mechanisms that are equitable, leverage private sector capital and are in line with national development goals."

Throughout the meeting, participants expressed a variety of views on the significance of the climate finance debate, for example:

- "It's about society investing in self-preservation."
- "It's about moving the debate beyond the climate elite."
- "It's about the right to development of the people."
- "We are setting a precedent for how you get global public financing for global public goods."

As one participant described, the justifications for climate finance are as old as the climate negotiations. Climate finance originates in the 1992 UN Framework Convention on Climate Change, where developed country parties agreed to provide "new and additional financial resources" needed by developing countries to meet the "agreed full incremental costs" of meeting their obligations. These terms imply that developed countries bear at least some of the responsibility for financing the global response to climate change. Yet the meaning of these terms remains political, ambiguous, and unresolved.

A wide range of sources for financing climate mitigation and adaptation already exist. Some of these include the fast start pledges that governments made in the Copenhagen Accord, the Adaptation Fund, regional funds such as the Brazil Amazon Fund, financing by national export credit agencies, and financing from World Bank trust funds. However, participants widely considered the current range of financing sources to be insufficient to meet global demand.

Many participants expressed the view of some developed countries that scaled-up funding is needed to tip the balance in developing countries' political systems towards more ambitious, climate friendly development pathways. According to this view, finance can help incentivize developing countries towards stronger national mitigation actions.

Many participants also expressed the view of some developing countries that climate finance lies at the heart of the debate about climate justice. During climate negotiations, developing country delegates have called for finance as a form of compensation for climate damages and overuse by developed countries. As such, they argue that developed countries have an obligation to fully compensate countries for these damages.

Resources: What is climate finance?

- Jon Sohn, *Climate Finance 2010: Issues and Opportunities*. Background paper for the strategy meeting (2010). See attached.
- WRI, Summary of climate finance pledges put forward by developed countries (2010), http://www.wri.org/stories/2010/02/summary-climate-finance-pledges-put-forward-developed-countries.

What are the challenges of financing a global response to climate change?

Climate financing sources exist, but do not meet global demand. One participant estimated that the global response to climate change will cost approximately $89-137 billion per year. Current sources of climate finance fall far short of this amount. Many participants agreed that the remaining gap would need to be filled through a variety of sources, both public and private.

However, participants identified two challenges to filling these gaps: (1) the financial crisis; and (2) unresolved issues in the global climate negotiations.

Financial crisis

The financial crisis has drained many governments' treasuries, and has also placed job creation at the top of many governments' priority lists. Several participants emphasized that the financial crisis has not been resolved, and will likely remain a concern for several more years. Scaling up public finance in developed countries to respond to climate change will continue to be difficult.

Many governments, such as the United States, have recognized the need to regulate the financial sector, but have taken few steps to do so. Financial regulation is necessary to clarify how governments can incorporate private capital into public schemes, such as global climate funds. Financial regulation, such as taxes described below, can also be an important source of climate finance.

Several participants from the United States also emphasized that job creation and climate change mitigation are not competing uses of funds, and identified the need for further links between public investment in jobs and climate change. In particular, there is a need to confront the financial and climate crises with more coherence, and to link people working on "big picture" macroeconomic policies with those who experience concrete climate impacts on the ground.

Unresolved issues in climate politics

Throughout the strategy meeting, participants identified several issues that remain contentious and unresolved in the global climate negotiations, and which will affect any deals on climate finance. These include, for example:

- *Reconciling climate finance with development aid*: Will funds really be "new and additional," or will government recast existing sources of money as contributions to climate mitigation and adaptation? Will climate finance crowd out development aid towards other global challenges, such as the Millennium Development Goals? How can governments reconcile the tension between using revenue for global public goods and for domestic use, especially during the financial crisis?

- *Empowering responsible national institutions*: Given that foreign direct investment is not always the most resilient form of investment, how can climate finance be channeled in a way that builds the capacity of national institutions and sources? On the other hand, how will the international community receive assurances that donor funds are used effectively at the national level?

- *Clarifying the role of the UNFCCC*: Is the UNFCCC, which operates by consensus, really the best place to house a climate fund? How much sovereignty are governments willing to give up in favor of a multilateral climate regime?

Resources: What are the challenges of financing a global response to climate change?

- Bretton Woods Project, The role of the World Bank in climate finance (2009), http://www.brettonwoodsproject.org/art-565618.
- Michael Clark, *Why is Washington Obsessed with Jobs and Fiscal Deficits* (2010). See attached.

Find It: Mobilizing innovative sources to scale up climate finance

Much of the strategy meeting focused on identifying politically viable sources for climate finance. Many participants did not consider carbon markets to be an effective way of financing climate change mitigation and adaptation, and identified potentially larger public sources of revenue—such as taxes and fossil fuel subsidies.

A wide range of proposals exist to raise revenue for climate finance. In practice, climate finance will likely draw from a combination of sources. The strategy meeting considered five proposals in greater detail: (1) financial transaction taxes; (2) special drawing rights from the IMF; (3) subsidies; (4) bunker fuel levies; and (5) climate debt.

Participants discussed which of these proposals have political support, which institutions should be entrusted with these funds, whether they provide the potential for scaling up of finance, and what bottlenecks these sources face.

Financial transaction taxes

As a result of the financial crisis, many politicians and regulators are proposing a "financial transaction tax," which would be a tax on all financial market transactions, including stocks, bonds, foreign exchange, and derivatives. Participants at the strategy meeting described how this tax could reduce excessive short term speculation, and could also raise a great deal of revenue for governments. In the United States, for example, such a tax could raise over $175 billion per year, and globally could raise over $400 billion per year. For example, the UK already raises approximately $40 billion per year on a 0.5% tax on all trades on the London stock exchange. One participant pointed out that a financial transaction tax is more feasible than it was in the past, because technology exists to track these trades.

Campaigns for a financial transaction tax are already moving forward, e.g. the Robin Hood Tax campaign in the UK. Several governments have already supported the concept, including large European countries, Japan, and Russia. Supporters of the tax suggest that the revenue be used in a variety of ways, including job creation, health care, and deficit reduction.

However, there are a number of institutional challenges to such a tax. Individual governments could impose the tax unilaterally, although ideally governments would agree to apply the tax globally. There are also questions about whether a national tax could guarantee a stream of revenue to a global fund. In the United States, for example, climate finance revenue would potentially vary depending on annual legislative budget appropriations.

Many participants suggested that the revenue should go towards a global Green Climate Fund, but recognized the revenue from the tax would be used for a variety of purposes. Many agreed that the climate finance community would need to engage non-climate campaigners in order to raise political support for earmarking a portion of the tax revenue for global climate efforts.

Special drawing rights

"Special drawing rights" (SDRs) are "international reserve assets" issued by the IMF to member countries. The IMF uses SDRs as its monetary unit of account, and the value of the SDR is based on a mix of four foreign currencies, the U.S. dollar, the Euro, the Japanese Yen and the U.K. Pound sterling. SDRs were devised in 1969, during a shortage of both dollars and gold, but have been used most recently in response to the global financial and economic crisis. The IMF has also used SDRs as a low interest alternative to debt for countries in order to boost global liquidity during financial crises. One participant described SDRs as a "coupon" that the IMF provides to governments. SDRs have the backing of the governments on IMF's Board of Directors. Governments hold SDRs in reserve, and can convert them into hard currency through the IMF system. Unlike other programs at the IMF, no conditions are attached to SDRs. Governments eventually repay the SDRs with an adjustable, and usually quite low, interest rate. In effect, this provides countries with a low interest finance tool. The IMF has not used SDRs in this way since 1981, but in April 2009 the G20 began to consider reusing them after the UN Stiglitz Commission highlighted SDRs as a potential solution to the financial crisis.

In Copenhagen, George Soros suggested that SDRs could be used as a tool for climate finance. Under this system, climate SDRs would be available only for developing countries, and would also be established such that financing does not only occur in the form of loans (because of the principle that developing countries should not pay their own mitigation and adaptation costs).

However, many participants expressed concern that giving the IMF such a central role in climate finance could be another instance of mission creep. As one participant noted, in some countries citizens have protested the IMF because of the harmful economic impacts of IMF conditionalities. Furthermore, the use of SDRs implies the need for a multilateral climate finance framework, and international consensus has proved difficult in the global climate negotiations.

To be an effective source of climate finance, participants suggested that climate SDRs would have to be:

- Demystified so that the public understands the concept of SDRs.
- Designed in a way that restricts the IMF to a technical fiduciary role, in which it only acts as a vehicle for channeling SDRs to central banks.
- Created with the principle of equity in mind, so that developing countries are not expected to pay the costs of climate mitigation and adaptation.

Subsidies

At their September 2009 meeting in Pittsburgh, Pennsylvania in the United States, the G20 pledged to "rationalize and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption." There is currently no agreement on the definition of "subsidy." At the strategy meeting, participants discussed the potential for diverting government revenue away from fossil fuel subsidies towards climate finance.

Participants discussed two types of subsidies—producer and consumer. Producer fossil fuel subsidies reduce costs for a business activity, such as tax breaks for domestic oil companies. Consumer fossil fuel subsidies would in theory improve energy access. Most of the discussion focused on producer subsidies.

Subsidies can come from three sources: (1) domestic legislation or regulations; (2) international financial institutions, such as the World Bank, which provide low interest financing for borrowing countries and companies; and (3) export credit agencies, which are government agencies that reduce risks for domestic companies operating overseas. Participants estimated that domestic subsidies amount to approximately $57-100 billion per year in OECD countries, and $94-400 billion per year in non-OECD countries. Export credit agencies and international financial institutions provide subsidies amounting to approximately $10 billion per year, although this amount leverages a far greater volume of investment.

All three of these sources currently provide subsidies for fossil fuels. Participants discussed strategies for removing these subsidies, and instead using the revenue for climate finance. However, the discussion also acknowledged the challenges of doing this. As with financial transaction taxes, the revenue saved from domestic subsidies could be used for a variety of purposes besides climate finance. International financial institutions such as the World Bank tend to lend based on demand from borrowing countries, where there is often still a high demand for fossil fuels. In international trade agreements, governments might continue to consider export credit agencies as an exception to subsidy rules.

Many participants agreed that shifting revenue from fossil fuel subsidies to climate finance sends a very clear, powerful political message. However, some participants also noted that this alone would not provide a significant stream of revenue. Nevertheless, shifting subsidies has a strong demonstration effect. Several participants plan to continue engaging the G20 on its decision to phase out fossil fuel subsidies.

Bunker fuel finance

The idea of placing a levy on "bunker fuel emissions" – emissions that come from international aviation and shipping—has been around since the beginning of the UNFCCC and the Kyoto Protocol negotiations. Several recent proposals built on this idea, suggesting that a levy or creating a cap-and-trade system would be a win-win: not only would it reduce greenhouse gas emissions in these sectors (which still remain outside the Kyoto Protocol), but it would also create new sources of climate finance.
Some estimates suggest that bunker finance, through a levy or a cap and trade system that auctions allowances, could provide $10-25 billion per year in revenue.

As participants discussed, developing countries negotiators fear that a global mitigation approach to bunkers (which is necessary for environmental reasons given that international aviation emissions cannot be easily allocated to nation states and that ships' are usually from a different country than the origin of the ship) is inconsistent with the UNFCCC principle of common but differentiated responsibilities. Several proposals have attempted to address this concern by using the revenues raised (through a levy or a cap and trade system) to finance mitigation and adaptation efforts in developing countries as well as by exempting least developed countries and small island states from this system.

Participants also acknowledged the challenges of choosing an institution to implement this scheme. The International Maritime Organization (IMO) would be the obvious choice, but the IMO has not been able to reach any binding decisions for over a decade. Some participants proposed exploring the option of using the IMO to implement a levy on bunker fuel emissions at its 2010 meetings. Others suggested that the proposed UN Green Climate Fund would be a better institution to manage the revenue stream from these levies.

Climate debt

Participants also discussed "climate debt," a concept being spearheaded by Bolivia and many southern movements during the climate negotiations. Climate debt attempts to capture the full costs of climate change. It is based on the idea that each person has a right to an equal share of "carbon space," and each country's fair share is based on its population. Countries whose historical and continuing emissions exceed their fair share owe a debt to other countries. According to Bolivia's calculation, Annex I countries only have rights to ¼ of the carbon space.

The climate debt concept can help to frame the parameters of any climate finance proposals going forward. As one participant explained, "Climate finance is not aid or assistance. It is an obligation, it is reparations." As a result, climate finance should not come in the form of loans or other debt-creating instruments, and should not require developing countries to share the burden. Developed countries can repay their climate debt in three ways: (1) emissions cuts; (2) finance and technology for adaptation programs in the south; and (3) finance and technology for voluntary mitigation actions in the south.

Participants also discussed another critical aspect of climate debt—that investments in climate mitigation or adaptation should "do no harm" by reducing emissions at the expense of other environmental and social well-being. As such, several participants emphasized the need for climate finance mechanisms to have an accountability mechanism where persons harmed by climate investments can bring claims.

One participant emphasized that climate justice and equity must not only exist between developed and developing countries, but also within countries. In the global south, the climate crisis is not only seen as a climate issue, but also a development issue. Increasingly, people see the climate issue as an opportunity to restructure their economies. Social justice movements are also taking up climate issues. People are using the "common but differentiated responsibilities" principle at home, within their own governments, to ensure that the poor are not excluded from governments' climate policies.

Resources: Find It

- The Robin Hood Tax, http://www.robinhoodtax.org.
- Halifax Initiative, *Financial Transaction Taxes: FAQs and Talking Points* (2010). See attached.
- CEPR, The Benefits of Financial Transaction Taxes (2008), http://www.cepr.net/documents/publications/financial-transactions-tax-2008-12.pdf
- Project Catalyst, *Breaking the deadlock: Bunker fuels* (2009), http://www.project-catalyst.info. See attached.
- ActionAid, *Using Special Drawing Rights for Climate Finance* (2010), http://actionaidusa.org/what/climate_change/using_special_drawing_rights_for_climate_finance.
- Institute for Policy Studies, *U.S. government and business leaders on financial transaction taxes* (2009), http://www.ips-dc.org/files/779/US%20government%20and%20financial%20transactions%20tax.pdf
- Oil Change International, "Fossil Fuel Subsidies," http://priceofoil.org/fossil-fuel-subsidies.

Build It: Creating legitimate institutions for climate finance

In addition to identifying sources of climate finance, the strategy meeting also considered ways to deliver funds effectively and fairly. Which institutions have the legitimacy to oversee the financing of the global response to climate change? Many participants emphasized the need to "break the dynamic of inevitability"—there is often an assumption that certain institutions, especially the World Bank, will play the leading role in climate finance.

Rather than assume this will be the case, several participants recommended that the international community identify the most legitimate climate finance institutions in an objective manner based on key principles: transparency, public participation, ability to hold funding recipients accountable to their commitments through effective monitoring and public reporting, and ability of affected communities to hold the climate finance institution accountable for its investment decisions.

Many participants considered the Adaptation Fund to be a potentially effective model to replicate or expand, because the Fund is governed through balanced representation between developed and developing countries, with extra representation for especially vulnerable countries, and also disburses funds directly to governments rather than through intermediaries. Several participants also considered the Global Fund for Aids, Tuberculosis, and Malaria to be a strong model for a global climate fund.

There was also recognition that climate finance will not be a completely centralized system. Many climate funds are likely to be managed at the national level. As a result, participants recognized a need for southern civil society organizations to develop the capacity to hold their governments accountable for managing these funds.

Participants also considered the potential role of several institutions, including the World Bank, export credit agencies, regional development banks, the Climate Investment Funds, and the proposed Green Climate Fund. Each of these institutions has a different internal culture, and civil society will need to develop an understanding of the different approaches each institution could take towards a low carbon path.

World Bank

Many climate finance proposals envision that the World Bank will play a leading role in managing funds. Participants expressed concern about entrusting this institution with a significant role. In particular, the World Bank continues to devote a large percentage of its portfolio to fossil fuel-intensive investments. The Bank is currently undergoing what one participant called the largest set of reforms in its history. The governance structure is changing: voting on each institution's Board of Directors will soon reflect the rising influence of China, Brazil, India, and other countries. The World Bank is also undergoing several major policy reforms. The Bank is completely re-envisioning its environmental and social safeguard policies, and reviewing its Energy Strategy.

Several participants raised concerns with the proposed $3.75 billion Bank investment in Eskom's Medupi coal-fired power station in South Africa. Many civil society organizations are using the Eskom project as an example of how energy development does not always alleviate poverty. Because of this and similar investments, many participants expressed a lack of trust in the World Bank presenting itself as a "climate bank."

Export credit agencies

Export credit agencies (ECAs) are the largest class of public financial institutions. They are government agencies with a mandate to promote exports overseas by assuming risk in private sector projects. In 2009, ECAs provided between $1-1.5 trillion in financing, and have dramatically increased financing for fossil fuel-intensive energy and aviation projects. In 2009, for example, the U.S. Export-Import Bank tripled its financing, but new investments in renewable energy were only a small percentage of this increase.

ECAs play an increasingly significant role in climate finance, because governments are considering export credits to meet their climate finance commitments. In particular, the "fast start" commitments of the Copenhagen Accord include financing that is being channeled through ECAs. Many participants agreed that the legitimacy of ECAs as climate finance institutions is questionable—most have low standards of transparency and public participation, and limited expertise on climate finance issues. Nevertheless, the size and scale of ECA fossil fuel investments means that civil society cannot ignore the role of these institutions.

Regional development banks

Several participants also presented their experiences with regional development banks. Several of these institutions, such as the European Investment Bank, have demonstrated a willingness to integrate climate change considerations into their investments. Similarly, in response to pressure from civil society, the Asian Development Bank (ADB) took important steps forward in the past year, adopting a new energy policy, full review of technological choices for energy projects, and full accounting of the cost of carbon in investments. But at the same time, the ADB continues to promote large-scale, centralized energy options, and has invested in a few emissions-intensive projects—such as the Tata Mega Ultra coal project in India—that cancel out the emissions reductions made in clean energy investments over the past few years. These institutions are likely to play significant roles in climate finance within their respective regions—in some cases surpassing the World Bank in contributing to overall greenhouse emission reductions, and in other cases contributing to large-scale fossil fuel projects.

Climate investment funds

The World Bank-administered Climate Investment Funds are still relatively small in scale, but have a wide leveraging effect. In 2009, the Funds invested $3 billion that leveraged a further $27 billion from other sources. Participants emphasized the significance of these funds in setting the stage for future climate finance—the experiences of the Funds are likely to inform the development of future climate funds. However, several participants criticized the Funds for being donor driven, and because they were originally designed without civil society involvement.

Proposed global climate fund

Two years ago, developing countries proposed a Global Climate Fund within the UN climate framework, largely in reaction to concerns over the role of the World Bank and Global Environment Facility in climate finance. Debate continues over the design and role of this fund, but the Government of Mexico is likely to champion the fund as it chairs the next Conference of the Parties in Cancun in 2010. In March, IMF plans to put forward a "Green Fund proposal."

Resources: Build It

- WRI, *Power, Responsibility, and Accountability: Re-thinking the Legitimacy of Institutions for Climate Finance* (2009), http://www.wri.org/publication/power-responsibility-accountability.
- WRI, *Correcting the World's Greatest Market Failure: Climate Change and the Multilateral Development Banks* (2008), http://www.wri.org/publication/correcting-the-worlds-greatest-market-failure.
- Pacific Environment, *Climate Finance: The Dubious Role of Export Credit Agencies* (2010). See attached.
- WRI, *Catalyzing Low Carbon Development? The Clean Technology Fund* (2009), http://pdf.wri.org/working_papers/development_clean_technology_fund.pdf.

Spend It: Using scarce resources effectively

The strategy meeting also focused on how to ensure that scarce climate funds can be used in a manner that most effectively reduces emissions and builds climate resilience in vulnerable countries. Participants focused on two aspects in particular: (1) safeguarding the rights of communities affected by climate investments; and (2) ensuring capacity at the national level.

Safeguarding the rights of communities

Several participants emphasized that investments designed to reduce greenhouse gas emissions or adapt to climate change should not harm communities in other respects. One participant recommended that climate finance debates should link to what is actually happening on the ground, where communities already feel the impacts of climate change: "In many instances these are life and death struggles. These stories need to come out in this debate."

Most participants agreed that governments should integrate "environmental and social safeguards" into the design criteria of climate finance mechanisms. These safeguard policies have become an accepted part of the way that international financial institutions do business. The World Bank, in particular, has been a leader among financial institutions in applying safeguards to its investments. However, several participants identified risks to relying on the World Bank for its safeguard policies—the Bank's portfolio is moving away from investments in specific projects to broader programmatic and policy loans. During the financial crisis, the World Bank invested over $12 billion in "development policy loans," which provide borrowing governments with more flexibility in how to design its own development projects, but these loans are also exempt from the Bank's safeguard policies.

Many participants agreed that the climate finance debate must continue to consider the role of safeguard policies. Many also identified the need for climate change campaigners and international financial institution campaigners to cooperate on this issue.

Ensuring capacity at the national level

Several participants also emphasized the need to build capacity of national institutions to implement climate finance projects. To do so, many countries could potentially include capacity building for Nationally Appropriate Mitigation Actions (NAMAs) in their World Bank poverty reduction strategy papers and other policy plans. Because climate change issues cut across many sectors, civil society organizations could also help to convince non-environmental ministers that NAMAs are not only aid projects, but also essential to economic development.

Participants highlighted the need to improve how governments report on their use of climate funds. In Brazil, for example, the government used NAMA funds (the Brazil Amazon Fund) for cattle ranching in the Amazon, which resulted in high emissions and land conflicts. One participant suggested that NAMAs should ideally lead to more participatory forms of budgeting. Several participants suggested that instead of only reacting to harmful projects, civil society organizations should clarify what they consider appropriate uses of climate funds.

Resources: Spend It

- Heinrich Boell Foundation, *Fostering Impunity or Accountability? Sweeping Changes at the World Bank-IDA* (2010), http://www.boell.org/downloads/1-21-10_Impunity_or_Accountability-World_Bank_Reforms-final.pdf.
- E3G, *How can Copenhagen Support NAMAs in Pioneering Developing Countries?* (2009), http://www.e3g.org/programmes/climate-articles/how-can-copenhagen-support-namas-in-pioneering-developing-countries.
- WRI, *Breaking Ground: Engaging Communities in Extractive and Infrastructure Projects* (2009), http://www.wri.org/publication/breaking-ground-engaging-communities.

Civil society strategies for moving forward

A major goal of the strategy meeting was to determine the political feasibility of various climate finance proposals, identify time frames, and map opportunities for campaigning. Many participants agreed that by working towards a common vision, civil society organizations could have a greater influence on the climate finance debate. This strategy meeting was a first attempt to empower civil society organizations to cooperate in moving forward. As one participant explained, “It’s not a lack of will, it’s a lack of political muscle.”

Mapping of political opportunities

Participants discussed a number of near-term opportunities for furthering proposals for climate finance. Following Copenhagen, civil society organizations continue to place high expectations on the UN negotiations, but have also recognized the rising significance of the G20 and other forums. Recognizing that the climate finance debate will likely continue for several years, participants focused on what success will look like in 2010. Some key opportunities in the next year include:

- *Fast-start funds*: In Copenhagen, several governments agreed to provide “fast start funds” of $30 billion in 2010-2012 to initiate climate finance activities, with the goal of providing $100 billion annually by 2012. One participant noted that if these funds are used effectively, they could help to scale up climate finance. However, the success of these funds depends on the trust that they earn. Participants suggested the need to ensure accountability and good governance of these funds.

- *COP-16 in Mexico*: Many civil society organizations continue to develop strategies to adapt to post-Copenhagen circumstances. Participants were skeptical that governments would reach a global climate deal in Cancun this year, but emphasized the need to identify and focus on key building blocks for moving forward. Climate finance will be at the center of the agenda—one participant said that “We now all know that Mexico is going to be a finance COP.” In particular, with Mexico’s support, there is a possibility that a COP16 decision could launch a Green Climate Fund. While participants at the strategy meeting shared a wide variety of expectations for the COP, all participants agreed that the Mexican government should clarify upfront how civil society organizations will be able to participate in the process. In this way, civil society will be able to plan how to engage in the process, and will avoid the complications that many organizations faced in Copenhagen.

- *G20 and the Major Economies Forum (MEF)*: The next G20 summits will take place in Toronto in June, and Seoul in September. The MEF energy ministers’ summit will take place in the United States in July. Several participants noted how the G20 and MEF are increasingly assuming roles that the UNFCCC previously led. The G20 and MEF processes are far less transparent than the UNFCCC, and as a result, opportunities to influence governments are more difficult. Several participants who have followed the G20 process reported an increasing interest in climate finance: last year, the G20 established a working group on climate finance, and also made a statement about phasing out fossil fuel subsidies. While major G20 decisions on climate finance are unlikely in 2010, the meetings will provide an opportunity to hold government leaders accountable to their commitments. The meetings also provide an opportunity to promote financial transaction taxes and other innovative sources of finance.

- *UN high level advisory group on climate change*: In February, UN Secretary General Ban Ki-moon established a high level advisory group with the aim to rapidly mobilize financing for climate mitigation and adaptation. Although the role of the advisory group in climate negotiations remains unclear, many participants in the strategy meeting expressed high expectations for this advisory group. The advisory group potentially provides a powerful voice to express many of the concerns that civil society organizations have raised.

- *Reforms at the World Bank Group*: If the World Bank is to play an ongoing role in climate finance, then the current policy and governance reforms at the Bank will be a critical time to demonstrate its legitimacy as a climate bank. Some of the reforms underway in 2010 include the World Bank Group energy strategy review, IFC performance standard review, request for a General Capital Increase, changing voice and vote on the Board of Directors, and 16th replenishment of the International Development Association. At the strategy meeting, World Bank and climate policy campaigners expressed interest in collaborating more closely on these reforms.

Key events in 2010 (see attached calendar for a full list of events)	
March 16-17	UN high level dialogue on financing for development in New York City
April 19-22	World People's Conference on Climate Change and the Rights of Mother Earth, Cochabamba, Bolivia
April 24-25	World Bank and IMF spring meeting in Washington, DC
June 26-27	G20 meeting in Toronto, Canada
Sept. 20-22	UN General Assembly plenary meeting on the Millennium Development Goals
Oct. 9-11	World Bank and IMF annual meeting in Washington, DC
Nov. 11-12	G20 summit in South Korea
Nov. 29-Dec. 10	16th Conference of the Parties to the UNFCCC

Creating public awareness and support

Most participants recognized the need to move the climate finance debate beyond the policy experts into the broader public. This will depend, however, on creating a successful narrative and messaging. Many of the civil society organizations at the strategy meeting consider this a critical missing link. Participants raised questions such as:

- Can we create a common narrative or vision that demystifies the climate change process?
- How can we link climate finance to job creation during the financial crisis?
- How can we build climate finance movements, and collaborate with other sectors, social campaigns, religious groups, and rights-based groups?
- How can northern civil society organizations support southern civil society organizations that wish to engage in the climate finance debate?

Resources: Strategies for moving forward

- WRI, 2010 Calendar of International Climate Related Events and Meetings. See attached.
- Calendar of upcoming international diplomatic events: http://www.sherpatimes.com/home/full-calendar.
- U.S. Climate Action Network, 2010 Calendar: http://www.usclimatenetwork.org/2010-calendar.

Action points and next steps

In the next few years, climate finance campaigners will face many challenges in accessing and influencing the G20 and Major Economies Forum, dealing with the new reality of a "pledge-and-review" climate regime, coordinating on goals and messaging, and expanding public awareness. At the end of the strategy meeting, the participants identified several action points for moving forward.

Action Points and Next Steps

1. ***Create an ongoing dialogue among climate finance campaigners***
   - Create a joint 2010 calendar of key political moments, the financial crisis campaign, UNFCCC meetings, the G20, and international financial institution reform.
   - Establish a web-based "water cooler facilitation group" to facilitate ongoing dialogue.

2. ***Reach out to southern civil society organizations***
   - Request support for additional climate finance strategy meetings in the global south.
   - Participate in the alternative climate summit in Cochabamba, Bolivia in April 2010.

3. ***Engage Mexico during COP-16***
   - Work together to articulate a positive vision for climate finance in Cancun in December, but with a view that securing outcomes will take 2-3 years.
   - Encourage the Mexican government to engage in open dialogue with civil society on its climate finance proposals in the lead-up to the COP.

4. ***Engage the G20***
   - Heinrich Boell Foundation, in collaboration with southern partners, will organize "alternative summits" to the G20 summits, where civil society organizations can discuss climate finance and other issues.

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Climate Finance Strategy Meeting
February 23-25, 2010, Airlie Conference Center
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2010 Calendar of International Climate Related Events and Meetings

Legend:
MDB Meetings
EU/G8/G20/APEC/MEF Meetings
UN Meetings/Events
Other

February		
6th-7th	G8 Finance Ministers and Central Bank Governors	Iqaluit, Nunavut, Canada
21st – 27th	4th International Conference on Community Based Adaptation	Dar es Salaam, Tanzania
22nd	Meeting of the COP EB	Bonn, Germany
22nd – 26th	Environmental Ministers Meeting	Bali, Indonesia
27th – 28th	G 20 Deputy Finance Meeting	Incheon, South Korea
March		
3rd-5th	2nd All African Carbon Forum	Nairobi, Kenya
2nd – 5th	UNFCCC Technical Workshop on Collaboration among Regional Centers and Networks	Apia, Samoa
8th – 11th	GEF Replenishment Meeting and STAP Meetings	Rome, Italy
15th – 16th	CIF Trust Fund Committee Meetings and Partnership Forum	Manila, Philippines
16th – 17th	High-level Dialogue on Financing for Development	New York, USA
17th – 19th	4th Policy Board Meeting of the UN-REDD Program	Nairobi, Kenya
18th-19th	G20 Sherpa Meeting	Canada
19th – 23rd	Inter-American Development Bank (IDB) Annual Meeting	Cancun, Mexico
29th – 30th	G8 Foreign Ministers Meeting	Gatineau, Canada
April		
TBD	Sarkosy suggested a climate summit sometime in April	Not Determined
1st	OECD DAC Report Launch	N/A
9th-11th	UNFCCC Intersessional	Bonn, Germany
16th	BRIC Summit	Brasilia, Brazil
20th	DAC Peer Review of the UK	N/A
19th-22nd	World People's Conference on Climate Change and the Rights of Mother Earth Alternative Climate Conference	Cochabamba, Bolivia
20th-22nd	G20 Labor Ministers Meeting	Washington DC, USA

22nd	Earth Day	N/A
21st – 23rd	4th Annual Business for Environment Global Summit (B4E)	Seoul, Republic of Korea
23rd	G 20 Finance Ministers Meeting	Washington DC, USA
24th – 25th	IMF/World Bank Spring Meetings	Washington DC, USA
26th-28th	G8 International Development Ministers	Halifax, Canada
May		
3rd – 4th	Asian Development Bank Annual Meeting	Tashkent, Uzbekistan
3rd – 14th	18th Session of the Commission for Sustainable Development	New York, USA
20th	DAC Peer Review Japan	N/A
24th – 28th	4th GEF Assembly	Punta del Este, Uruguay
25th-26th	Brussels Economic Forum 2010	Brussels, Belgium
27th – 28th	African Development Bank Annual Meeting	Abidjan, Côte d'Ivoire
TBD	Launch of 2010 Millennium Development Report	N/A
June		
May 31st – 11th	UNFCCC Subsidiary Body Meetings	Bonn, Germany
June 2nd	DAC Peer Review Belgium	N/A
3rd – 5th	G20 Deputy Finance Minister Meeting	Seoul, South Korea
21st – 25th	Montreal Protocol OEWG-30	Bangkok, Thailand
24th	UN Global Compact Leaders Summit	New York, USA
25th – 27th	G8 Summit	Huntsville, Canada
26th	G20 Summit	Toronto, Canada
29th – July 1st	International Climate Change Adaptation Conference	Gold Cost, Australia
29th	GEF Council Meeting	Washington DC, USA
Late June	Launch of 2010 Millennium Development Report	N/A
July		
Mid-July	G 20 Sherpa Meeting	South Korea
August		
1st	Begin Global Consultation on the WB's 2010 Environment Strategy Full Draft	N/A
16th – 20th	2nd International Conference on Climate, Sustainability and Development in Semi-arid Regions	Fortaleza, Brazil
September		
20th - 22nd	UNGA High-Level Plenary Meeting Accelerating Progress on the MDGs by 2015	New York, USA
Mid-Sept.	G20 Sherpa Meeting	South Korea

21st - 27th	Forest Landscapes and Global Change - IUFRO Landscape Ecology Conference	Brancaga, Portugal

October		
4th	20th Session of the FAO Committee on Forestry (COFO)	Rome, Italy
9th – 10th	IMF/World Bank Annual Meetings	Washington DC, USA
13ths	DAC Peer Review of Germany	N/A
18th – 27th	CBD COP 10	Nagoya, Japan
27th-29th	4th International Renewable Energy Conference (IREC)	New Deli, India
TBD	G20 Deputy Finance Minister Summit	Gwangju, South Korea
TBD	Meeting of Finance Ministers and Central Bank Governors	Washington DC, USA
November		
TBD	G20 Finance Minister Meeting	South Korea
9th	DAC Peer Review of Portugal	N/A
11th - 13th	G20 Summit	Seoul, South Korea
13th – 14th	APEC	Yokohama, Japan
8th-19th	UNFCCC Second Intersessional For 2010	Bonn, Germany
15th – 18th	GEF Council Meeting	Washington DC, USA
17th	Climate Change Impact Assessment Special Symposium	Washington DC, USA
December		
Nov 30th – 11th	COP 16/CMP-6	Cancun, Mexico
1st	DAC Review of Portugal	N/A