

Hang Together or Separately?

How global co-operation is key to a fair and adequate climate deal at Copenhagen

*We must all hang together,
or assuredly we shall all
hang separately.*

Benjamin Franklin, at the signing of
the United States' Declaration of
Independence, 1776

A fair and adequate global climate regime requires a massive effort across the board to reduce the risks to lives and livelihoods that poor people face first and most. Rich countries must reduce greenhouse gas (GHG) emissions first and fastest, with ambitious targets at home. High levels of rich-country pollution over the last century mean that even ambitious emissions-reductions targets will not be enough to avoid catastrophic climate change. Deep emissions reductions in rich countries are still critical, but climate security will now be won or lost as a result of co-operative efforts in which rich countries finance large-scale reductions in emissions in developing countries. Establishing a Global Mitigation and Finance Mechanism could achieve these reductions while respecting principles of equity, and delivering tangible development gains for poor people. This must be a centrepiece of the Copenhagen deal in December 2009. But much greater political attention and support is needed for this vital part of the deal to be developed in time.

Summary

Climate change offers humanity no second chances. An agreement struck at the UN climate conference in Copenhagen in just six months' time could pave the way for a post-2012 climate regime that staves off catastrophic climate change. Delay or failure risks locking in runaway climate change, and will certainly multiply the costs of responding to its negative impacts – costs that are already being borne mostly by poor people.

A climate deal in Copenhagen will only be achieved if world leaders are prepared to acknowledge – and act on – the deep injustice at the heart of climate change. The victims of this injustice are the hundreds of millions of poor people who now bear the consequences of more than a century of rampant carbon emissions largely from the industrialised world. Whether they are Pacific Islanders forced from their homes due to storms and sea-level rise, or rural African communities who face ever-worsening droughts and food shortages linked to climate change, the people affected first and worst are all amongst those least responsible for ongoing emissions. Any deal that does not redress this injustice is no deal at all.

A fair deal means one that both keeps global warming as far below 2°C over pre-industrial temperatures as possible, and that delivers sufficient resources so that poor people can avoid the worst impacts of already inevitable climate change. Fairness also means that those countries most responsible for past emissions and most able to assist, take a lead in cutting emissions first and fastest.

Oxfam's assessment is that negotiations towards a fair and low-risk agreement in Copenhagen are seriously off-track. The emissions-reductions targets of rich, industrialised countries are, rightly, a leading focus in both domestic and international debates. Across the board these targets still fall far short of what is required. But an even bigger challenge lies hidden in the depths of the UN climate talks.

Even the most substantial levels of mitigation action in rich countries – emissions cuts adding up to 40 per cent below 1990 levels or more – fall short of what's needed to stay below 2°C, let alone their fair contribution to the global effort. If Annex I countries achieve this level of reduction, an equivalent reduction (in tonnes of CO₂) in developing countries will still be required. This can only be achieved through co-operative efforts involving both rich and developing countries – an ambitious joint venture founded on fairness. Unless a mechanism is designed and agreed to achieve this scale of additional emissions cuts – now – a fair and low-risk agreement in Copenhagen is highly unlikely. How would such a mechanism operate, and what would it take?

Oxfam proposes a Global Mitigation and Finance Mechanism which aims to enable developing countries to achieve development and poverty reduction goals, whilst contributing to global mitigation efforts.

This Mechanism would match reliable flows of financial support from Annex I countries¹ with real emissions reductions from developing countries. Under this scheme, Annex I countries would provide enough money to incentivise emissions reductions in developing countries to keep global warming as far below 2°C as possible. Developing countries may use these resources to implement strategies with specified emissions reductions and consistent with national priorities. Depending on their 'available economic capability' (above a 'development threshold') they would receive up to 100 per cent financing for the full incremental costs of emissions reductions.

Relative to their vital importance, emissions cuts achieved through such co-operative mitigation action have received rather little political attention or support. Although delegates to the UN climate negotiations are preoccupied with so-called 'measurable, reportable and verifiable' mitigation action and support, national debates in most rich countries focus overwhelmingly on the limits to, and potential of, emissions cuts within their borders. At best, rich countries simply assume that international mitigation opportunities are cheap, plentiful and easily attained as a means of 'offsetting' emissions at home.

Based on studies to date, Oxfam estimates that at a very minimum, \$150bn in public investment will be required each year to facilitate the necessary mitigation and adaptation action in developing countries. Though this is a large sum, it is many times less than the \$4 trillion spent by developed countries on the financial crisis so far, or the \$1.3 trillion of annual global military spending. Proposals to date fall well short of generating the financing required in this area, and do not sufficiently incorporate the key principles of responsibility (for historic emissions) and capability (to pay) in determining who pays what.

Developing countries must be assured of predictable flows of finance to embark on global mitigation actions. This would require financing the Global Mitigation and Finance Mechanism from the sale, auction or levy of allowances industrialised countries need to meet their mitigation obligations (Assigned Amount Units, or AAUs), or from other reliable sources. By stimulating investment in low carbon development in developing countries, rich countries both ensure that the biggest sources of future emissions are addressed, and help develop markets for their own low carbon technology solutions.

Making such a mechanism possible will require industrialised countries to assume a so-called 'double duty'. First, Annex I countries must reduce their combined emissions by at least 40 per cent below 1990 levels by 2020. Oxfam's analysis of fair shares of the overall Annex I target suggests that more than 95 per cent of this Annex I target falls to just six countries and groups, which should adopt emissions targets (in relation to 1990 levels) as follows: Australia (40 per cent), Canada (43 per cent), the EU (44 per cent), Japan (56 per cent), Russia (20 per cent),

¹ The developed countries and economies in transition are listed in 'Annex I' of the 1992 UN Climate Convention and commonly referred to as such.

and the USA (45 per cent) by 2020. All of these countries must achieve a majority of these reductions within their domestic economies.

Secondly, industrialised countries must provide funding – \$150bn per year at the very least – through the sale, auction, or levy of AAUs – to finance a Global Mitigation and Finance Mechanism that can incentivise large-scale emissions reductions in developing countries and finance adaptation. And what of the fair share of developing countries in this venture?

Oxfam's view is that calls for developing countries to take on commitments in Copenhagen equal to the scale or nature of those required from rich countries are misguided and deeply unfair. This is due to a legacy of broken promises; a long history of excessive GHG pollution; and substantially greater levels of wealth. If rich countries deliver on their double duty, then developing countries can be reasonably expected to 'hang together' and co-operate. This should entail contributing what they are able to pay (in line with available economic capability) towards mitigation actions that limit overall emissions by 2020, consistent with minimising risks of catastrophic climate change.

All countries agreed the Bali Action Plan in 2007, but rich countries have yet to provide a clear signal that they are willing to deliver on its provisions. The extent and means of rich-country financing for mitigation actions in developing countries is central to a fair deal in Copenhagen. The lack of progress in this area, both on amounts and means of financing, now seriously threatens to undermine any future deal. Developing countries have shown they are prepared to do their part. It is now up to rich countries to provide the means.

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