

## **Poor countries won't be fooled by old cash to get rich countries' climate debt paid**

Money to help developing countries adapt to the climate impacts and pursue low carbon futures must be new and additional. On this, all countries agree. It's in the Bali Action Plan, the document that lays out all the things to be covered in a Copenhagen deal and 192 countries have agreed to it. But as Copenhagen draws near, it has become increasingly apparent that there is a huge gulf between rich and poor countries— one worth at least \$160 billion a year. The fight over 'additionality' will be one of the most important battles at Copenhagen, with massive implications for poor people around the world. As always, the devil is in the detail – or lack of it.

### **Additional to what?**

*"Our development partners should not give with one hand and take away with the other. In addressing climate change we need new and additional resources over and above development aid." Prime Minister Raila Odinga of Kenya, European Development Days, October 2009*

When most rich countries talk about climate finance being new and additional, they mean relative to existing aid flows, not additional to existing aid commitments. There is a huge difference – rich countries are committed to spend 0.7 percent of their national income as development aid but current flows average only 0.3 percent. The gap is worth about \$160 billion per year in current dollars. This is money already promised to developing countries but yet to be delivered. When the 0.7 per cent target was first agreed as a UN resolution in 1970 – and reiterated continuously over the years -- it of course did not include any costs for climate change.

### **Why does it matter?**

Development aid accounts for a significant part of the economy of poor countries. For example, there are nearly forty countries in which aid receipts exceed 10 percent of their national income. In fact, stealing money from aid budgets would mean taking over \$160bn per year away from these and other countries that rely on aid for the provision of essential services such as healthcare and education.

Oxfam estimates that at least 75 million fewer children are likely to attend school and 8.6 million fewer people could have access to HIV/AIDS treatment if aid that would otherwise have been spent to meet the 0.7% commitment on health and education is diverted to tackle climate change. Cannibalising aid promises to pay for climate change will condemn the Millennium Development Goals (MDGs) to failure. To argue against additionality is to argue against development.

## Climate change brings new and additional costs

*“To date, commitments to new and additional funding have not been forthcoming. This is a new threat and we must find new money to address it.” Ham Lini, Prime Minister of Vanuatu, European Development Days, October 2009*

An increasingly hostile climate makes development increasingly expensive. It needs new investments in agriculture, infrastructure and buildings, and greater provision of social insurance to name but a few. These additional costs are the costs of adaptation – of helping people reduce their vulnerability to climate change. India is already spending three times as much on adaptation as it does on health.

Poor countries are unlikely to accept a deal in Copenhagen that effectively gives with one hand and takes with the other. This type of deal would leave them with an impossible choice - helping their people adapt to climate change or providing essential services such as health care and education.

## The battle lines are drawn

Poor countries want a deal that they can sign. At the last round of negotiations in Barcelona in November, they proposed an amendment to the finance text specifying that funds provided by rich countries should be over and above their commitments to meet the 0.7 percent target. This is now in the text, but in brackets, to be negotiated over at Copenhagen: *[The main source of funding will be new and additional financial resources provided by developed country Parties and other developed Parties included in Annex II, over and above the financing provided through institutions outside the framework of the financial mechanism of the Convention and over and above the goal of 0.7 percent of the GDP of the developed country Parties as ODA. The major source of financing will be the public sector.]*

However, only a handful of developed countries have made a clear commitment that climate finance must be additional to aid commitments. In Europe, the UK and the Netherlands have tried to get the EU to a progressive position in time for Copenhagen but have been blocked by other member states such as Germany, France and Italy.

Other rich countries remain silent on the issue, with most seeing additionality as something to be fought over in the end-game at Copenhagen – effectively using old aid promises, ones which should have materialised already, as a bargaining chip. The result of this particular game of poker will have profound implications for the world's poor.

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