

Innovative sources of finance

The G20 has a key role to play in reaching political agreement among major economies on how to scale up financing for developing countries to address global issues such as climate change, biodiversity loss and poverty reduction. Such an agreement can also provide a useful input to negotiations under the UNFCCC. While a range of financing channels and types will be important in scaling up total financial flows to the level of several hundred billion per year required, public finance will continue to play a crucial catalytic role in financing actions and leveraging private sector investments. Governments must ensure sufficient financing starting in 2013, when the “fast-start finance” period ends, scaling up from the \$10 billion in public finance per year to \$100 billion per year. Given the challenges of scaling up finance from traditional government budget sources, especially in the context of the global economic crisis, innovative sources of funding need to be quickly globally agreed and operationalized.

WWF urges the G20 to:

1. **Send positive signals towards the adoption of a COP decision at the UNFCCC summit in Durban to set up innovative finance mechanisms, ensuring “not net incidence” on the economies of developing countries.**
2. **Set up the auctioning of allowances or levy on emissions from the international maritime and aviation transport sectors (so called “bunkers”).**
3. **Adopt a stepwise approach towards a global financial transaction tax.**

Fossil fuel subsidies reform and clean energy access

Fossil fuel subsidies are very costly; they significantly increase global and local pollution; and they are socially regressive as they benefit the wealthiest most. Fossil-fuel subsidies reform can free up valuable fiscal resources that can be redirected to fund sustainable development, support clean energy access for low-income households, reduce greenhouse gas emissions and trigger significant investments in renewable energy. At the G20 Summit in Pittsburgh, Heads of States committed to reform fossil fuel subsidies, a significant positive step that was welcomed by WWF. In spite of this bold pledge, however, little has yet been implemented and country reports have been difficult to compare in the absence of an international benchmark and definition of what actually constitutes a ‘fossil fuel subsidy’. WWF urges the G20 to further implement their commitments to reform fossil fuel subsidies, notably by:

1. **Developing action plans with clear timelines and ensure a transparent reporting on implemented actions;**
2. **Linking these reforms to the need for investing in energy savings and renewable energy with the objective of reaching 100% renewables by 2050;**
3. **Ensuring low-carbon non-nuclear energy access for all.**

Green economy and governance

The 2008 financial crisis has demonstrated that inadequate regulation and the misallocation of capital can have devastating impacts on human enterprise and well-being. Yet today, we are treating the world’s finite natural capital in a similarly dangerous way, with significant ramifications not only for global supply chains but also for food, water and energy security as resources are depleted or polluted. While everyone depends on ecosystem services and natural assets, and hence biodiversity, the impact of this environmental degradation is felt most directly by many of the world’s poorest and most vulnerable people. The present approach threatens to accelerate a global environmental, economic and social

crisis, instead of seizing upon the immense potential of green, sustainable growth and development.

The G20 can respond positively by supporting the transition to green economies, especially in the run-up to the UN Conference on Sustainable Development scheduled for 4-6 June 2012 in Rio de Janeiro. Above all, this implies achieving long-term food, water and energy security for the world's people and in directing our production and consumption within the regenerative capacity of one planet. Ways of doing this include:

1. **Moving toward a standard set of metrics to measure environmental performance and prosperity alongside economic growth (GDP);** this can **build upon existing initiatives** such as the UN's System of Environmental-Economic Accounting (SEEA), the World Bank's Global Partnership for Wealth Accounting and the Valuation of Ecosystem Services (WAVES), the Living Plant Index as well as national programmes), and the Gini coefficient;
2. **Encouraging the setting up of national cross-sectoral committees reporting to the Head of State/Government to better coordinate Low-Carbon Action Plans and decisions impacting water, food and energy security (ex: Economy, Finance, Trade, Agriculture, Fisheries, Health), ensuring that relevant stakeholders are included.**
3. **Pledging to involve Ministries of Economy/Finance in the Rio+20 process and Summit.**

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