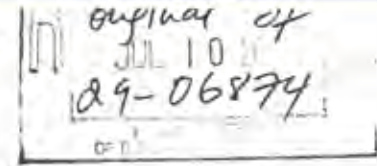


UK  
G-8



10 DOWNING STREET  
LONDON SW1A 2AA

Central



THE PRIME MINISTER

26 June 2009

Dear Secretary General

Your letter gets to the heart of the issues on which we must make progress at the G8 and Major Economies Summits. I am determined that we unblock the climate negotiations which are not moving at the pace we need.

I have made a proposal which I hope can do this. As you identify in your letter, to meet the needs of those most affected by climate change, financing is crucial.

My proposal is that all countries must take action, but to help developing countries move to low carbon and climate resilient growth, we will need significantly scaled up financial support for greener technology, deforestation and adaptation. All countries, except for the least developed, should contribute to this, based on their ability to pay and emissions. We need to establish new financing instruments which are clearly additional to Official Development Assistance and which provide predictable long-term funds. The UK will support the Norwegian proposal for auctioning a small proportion of emission allowances.

To protect the poorest from the effects of climate change, all ODA spend ~~must be~~ climate proofed. However, a small percentage of ODA could also be used to tackle climate change where there are climate and development benefits. Finally, we need pioneering new institutional arrangements. Finance needs to be delivered using country-led plans based on developing country priorities, and a new "high-level body" under the guidance of the UNFCCC, with equal developed and developing country voice, should be established to account for and bring coherence to the funds flowing through different channels.

I propose £100bn a year by 2020 as a working figure which developed countries should seek to raise and against which developing countries can bring forward credible mitigation actions and adaptation plans.

JUL 10 2009

I attach a copy of my speech.

Last year the G8 secured significant levels of climate financing to be invested over the next few years. This year, I will work with other G8 and Major Economies Leaders to advance my proposal for significant levels of financing in a Copenhagen agreement.

However, G8 leaders can not do this alone. I therefore welcome your meeting in September, which will provide an opportunity to build consensus around these proposals.

I believe this will also offer us an important chance to address the question of our overall goal for Copenhagen. We urgently need to build global support for keeping global warming to a maximum of two degrees above pre-industrial levels. It will be essential that the most vulnerable countries make their voices heard on the need for a high ambition outcome. I hope you will encourage their leaders to use the September meeting accordingly.

I welcome your call to G8 leaders to maintain their commitments on ODA in the current economic climate. I am urging donors to set out how they will meet their commitments. In addition, we are urging all G8 members to take forward the recommendations of the High Level Taskforce for Innovative International Finance for Health Systems and to support the Global Consensus on Maternal and Newborn Health. It is important that the G8 builds momentum for the launch of the Taskforce report at UNGA in September. I welcome the work of the MDG Africa Steering Committee. In the preparation for the UN MDG Summit in 2010 it will be essential to mobilise all opportunities to accelerate progress towards the MDGs.

I look forward to working closely with you as we move towards a global deal at Copenhagen.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Gordon Brown". The script is cursive and somewhat informal, with the first name "Gordon" and last name "Brown" clearly distinguishable.

Mr Ban Ki-moon



10 DOWNING STREET

# Press Notice

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SPEECH

BY

THE PRIME MINISTER  
THE RIGHT HONOURABLE GORDON BROWN MP

THE ROAD TO COPENHAGEN: THE CHALLENGE OF CLIMATE CHANGE AND  
DEVELOPMENT

FRIDAY 26<sup>TH</sup> JUNE 2009

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There are very few moments in history when nations are summoned to common decisions that will reshape the lives of every man, woman and child on the planet for generations to come. When leaders have to consider not just what will deliver fairness in their generation, but fairness between the generations too.

- the creation of the Bretton Woods architecture of the post-war economy
- the Marshall Plan that rebuilt the post-war economy of Europe.

Each of these momentous decisions required different countries

- to assess not only their own distinctive goals but the needs and purposes of others;
- to recognise that in the long term we can advance our own concerns only by seeing and serving the concerns of others too;
- and so to reach agreement on a common way forward, across a broad front, to achieve far more than anything one country could have achieved on its own.

Now - and together – we face another such moment; and a momentous decision that will determine the future and fate of our world not just for a decade or a generation, but for a century and more.

In less than six months' time, countries from around the globe will gather in Copenhagen to forge a new concord on international climate change. As always, this will involve a calculus of national and collective interests – with each yielding something for the common good. And not just our well being, but the security of our planet and our humanity is at stake.

Success will require two major shifts in how we think – as policy makers, as campaigners, as consumers, as producers, as a society. The first is to think not in political or economic cycles; not just in terms of years or even decade-long programmes and initiatives. But to think in terms of epochs and eras – and how our stewardship will be judged not by tomorrow's newspapers but by tomorrow's children.

And the second is to think anew about how we judge success as a society. For sixty years we have measured our progress by economic gains and social justice. Now we know that the progress and even the survival of the only world we have depends on decisive action to protect that world. In the end, without environmental stewardship, there can be no sustainable prosperity and no sustainable social justice.

Over recent years the world has woken to the reality of climate change. But the fact is that we have not yet joined together to act against it. Copenhagen must be the moment we do so – a declaration of our mutual commitment as a single global society; the time, at last, when our understanding of the unavoidable interdependence of economic prosperity, social justice and environmental stewardship is transformed into common global action.

The UK will be at the forefront of this effort. So today we are publishing our manifesto for Copenhagen. It sets out the kind of international agreement we believe the world needs, and that we, together with our partners in Europe and in negotiation with other countries across the world, will seek to achieve.

As the analysis in this manifesto makes clear, if we act now, if we act together, if we act with vision and resolve, success at Copenhagen is within reach. But if we falter, the earth itself will be at risk.



The latest evidence has shown us that climate change is even more rapid than we had assumed.

In 2007 we saw the melting of arctic summer sea ice. By 2035 glaciers in the Himalayas which provide water for three quarters of a billion people in Asia could entirely disappear.

Last week, the UK climate projections showed that the climate change already now inescapable will **cause** significant changes in temperatures and rainfall in the UK by the 2040s; but the **global** emissions we permit over the next two decades will radically affect the climate our children and grandchildren will enjoy or endure beyond then.

In the developing world, climate change is already devastating lives.

The recent report of the global humanitarian forum led by Kofi Annan suggests

- that 325 million people are already seriously affected by drought, disease, floods, loss of livestock and agricultural yields, and decline of fish stocks;
- that a further 500 million people are at extreme risk.
- and that 300,000 people - the equivalent of the Indian ocean tsunami - are already killed every year by the effects of climate change.

And - since past emissions mean that we are already locked into further warming - we know these numbers will rise inexorably. Thus, the Annan report estimates that within the next 20 years one in ten of the world's population could be directly and seriously affected by the impacts of climate change.

And here is the **greatest** injustice of all: 98% of those dying and seriously affected live in the poorest countries, and yet those countries account for only 8% of global emissions. Those hit first and hardest are those who have done the least.

So at **Copenhagen** we must deliver on two goals.

First, we must **agree** a plan to cut emissions: one that will cap the increase in global average temperature.

We know from our growing understanding of the impacts of climate change that an increase of more than two degrees centigrade is dangerous.

We cannot in good conscience plan for the world to exceed that limit. So our goal must be "no more than two degrees".

We know this **means** stabilising greenhouse gases at around 450 parts per million. And this in turn means that global emissions must peak no later than 2020 and be cut by at least half on 1990 levels by 2050.

And second we must agree a fair deal between developed and developing countries.

So we must **help** the developing countries adapt to the changes in climate which are already now **occurring** and which over the next few decades, however much we cut emissions, we cannot now avoid.

And to leave room for the growth of the developing world, the developed countries need to reduce their own emissions by at least 80% by 2050.

This is the path onto which the Copenhagen agreement must put the world.

These goals are essential. But they are also attainable.

For if our environmental problems are man made so too the solutions must come from human will and determination.

We will have to overcome the inertia of past practices, and there will of course be some costs. But the costs of doing nothing or too little will be far greater.

And I have absolutely no doubt that as we drive investment in the new low carbon technologies, the costs will come down.

The economics are clear. The immense costs of future climate change are matched only by the enormous growth potential and growth dividend of the new green revolution: in energy efficiency; in energy production; and in transport.

So we are building a new economic model - delivering growth not by putting carbon into our energy systems but by taking it out.

And these changes are already happening.

European emissions are down almost 10 per cent on 1990 levels – and in the UK we have cut emissions by over 21 per cent.

And last year, for the first time, global investment in renewables for power generation exceeded that for fossil fuels – making up \$140 billion of an estimated \$250 billion total investment.

And so the drive to a low carbon economy is not something to be delayed because of the global recession; instead it can be a powerful driver of global recovery.

The global market in low carbon goods and services is already worth £3 trillion and is expected to increase by around half again over the next decade; generating around another 400,000 jobs in the UK alone.

That is why government policy now supports over £50 billion of low carbon investment in the current spending period.

And we are not alone. In America, President Obama's stimulus package includes \$80bn in low carbon and environmental investment. His administration and the new Congress are fashioning comprehensive energy reform to promote energy efficiency, expand renewables, and cut greenhouse gas emissions. Green stimulus packages have been introduced in Japan, in Australia, in Korea, in China.

And under its 2020 package the EU is driving investment into the low carbon economy. Europe now has legally-binding targets to cut emissions 20 per cent by 2020, or 30 per cent under an ambitious global deal. We are on the long path towards the 80% reduction by 2050 we need.

But let us face the uncomfortable truth. Climate change cannot be tackled only by the developed world.

Ninety per cent of future global emissions will come from the emerging and developing countries as they grow over the coming decades. Even if all the developed countries reduced their emissions to zero by 2050, the current path of emissions from developing countries would result in the average global temperature rise exceeding 2 degrees.

So if the most vulnerable and least developed countries are to be protected from the devastating impacts they would experience from this, the larger developing countries are going to have to cut their own emissions substantially too. Not absolutely, at first, but relative to their current trajectories. And eventually they too will need to move to absolute reductions as their economies develop.

But if all we say to these countries is that they cannot copy what we have done ourselves – when our development history has given us great prosperity while giving them many of its environmental costs – there can be no reasonable dialogue on which to build a shared future.

This demands a new growth model that allows developing countries to leapfrog the old 19<sup>th</sup> and 20<sup>th</sup> century energy technologies which powered the first era of industrialisation.

Not just coal fired power stations spewing out both local pollutants and greenhouse gases. But decarbonised technologies providing the basis for a revolution in cheap, large-scale energy use.

And not hundreds of miles of expensive overhead transmission lines in a high voltage grid like the land lines of old world telephony, but decentralised and smart energy systems like the wi-fi of satellite communications: village and household-based solar power, with community-scale batteries and LED lighting; and village-scale bio-gas plants using locally-generated waste to produce local energy.

Again we can see this within our grasp.

China, on route to meet its target of 15% renewables by 2020, is already ranked 4<sup>th</sup> in the world for windpower – with nearly 4,000 gigawatts. Among India's eight missions to tackle climate change is a powerful focus on promoting solar energy and other renewables. 75% of Brazil's electricity comes from hydropower. Geothermal plants generate 10 gigawatts of electricity worldwide from Kenya to the Philippines.

Under proper conditions of international monitoring to prevent proliferation, we should encourage too the expansion of civil nuclear power in the emerging economies. And perhaps most vitally of all, given the likelihood of continued fossil fuel use, we need to see Carbon Capture and Storage being demonstrated in developing economies as well as developed ones.

And at the same time the new model of development must be climate resilient. I have long advocated the importance of the Millennium Development Goals. But I recognise that sustaining these goals will be undermined by climate change--- by falling crop yields pushing families into poverty, by climatic changes increasing disease and making water more scarce.

So we need to work with vulnerable country governments to understand how a changing climate will alter the shape of development programmes; and to build the capacity and the investments to adapt.

And future development goals – post 2015 goals - must not only meet the test of ambition but the test of sustainability. The poverty goals we set in the future must be based on a thorough understanding of the impact of climate change and have the avoidance of climate change at their core.

And if developing countries are to move more rapidly in this way towards a lower carbon, climate-resilient development path, we recognise that they will require financial and technology assistance from developed countries.

The UK is already spending over £800m in the current spending period on low carbon and climate resilient development.

But it has to be said that the UN negotiations on the arrangements for financial assistance in the post-2012 agreement are not moving at the pace we need.

Today I want to make a proposal which I hope may advance the discussion among both developed and developing countries and help us move forward towards agreement in Copenhagen.

Finance is needed for adaptation, for technological assistance, for forestry and for capacity building.

The private sector has a crucial role to play.

By incentivising investment in energy efficiency, in low carbon energy production and in the reduction of industrial and transport emissions, the carbon market can facilitate the scaling up of financial flows for mitigation and technology transfer to developing countries.

More and more developed countries, including the US, Canada, Australia, New Zealand and Japan, are now planning to introduce emissions trading systems similar to the EU's, and our goal is to establish links between these schemes by 2015 to create a global, liquid market in emissions reduction.

This will require us to go beyond the current clean development mechanism, with its focus on individual projects. I would like to see the larger developing countries introduce their power sectors, and possibly other sectors, into a sectoral trading mechanism, enabling them to attract significant flows of investment finance and providing much greater certainty to global emissions reduction. And alongside a continuing clean development mechanism, other countries and sectors could take part in the carbon market through sectoral crediting, rewarding emissions reduction above a benchmark.

With the right reforms and participation, the carbon market could deliver substantial sums of finance annually to the developing world by 2020.

But public finance will also be needed.

So I want to propose a new international partnership on public finance for climate change. And I believe this should be governed by four principles:



First, equity of contribution and allocation.

Financing action on climate change in developing countries is not solely the responsibility of the developed world. Under the principle of common but differentiated responsibilities the leading developing countries have already said that they are able to and will finance a substantial part of their own action themselves. We believe that they can also make a contribution to the actions taken by the least developed.

The Mexican government has made a valuable proposal for a green fund to which all countries except the poorest would contribute, according to a scale based on ability to pay and emissions.

Finance for adaptation should go to the poorest and most vulnerable countries, while monies for mitigation should go to countries on the basis of cost-effective emissions reductions. This will mean that overall developing countries will get back more than they put in, but the principle that all should contribute is an important one. The UK supports these principles and I will commit the UK now to paying its fair share of the global total of such a financing mechanism. And we would expect other developed countries to do the same.

Second, additionality. The British government recognises that finance to tackle climate change cannot simply be part of official development assistance. Assistance for climate change should not be allowed to divert money from the pledges we have already made to the poorest.

I can therefore announce that as part of a comprehensive international agreement in which all countries play their part, the UK will contribute our fair share to climate financing separately from and in addition to our promises on aid and the Millennium Development Goals. That means that even when we have achieved our 0.7% target of national income we will also be contributing additional finance on top. I believe that additionality to aid in this way is an important principle to which all developed countries should commit.

Third, predictability. Tackling climate change requires long-term investment, whether in mitigation or adaptation. Developing countries need to be able to plan and implement their low carbon and climate resilient development programmes in the knowledge that there will be finance for them. That requires predictable and adequate long-term financial flows.

So the British government would be willing to support an international mechanism for the setting aside and auctioning of a small percentage of national emissions allowances, as Norway has proposed. Where countries do not feel able to participate in such a scheme, we would want to see comparable domestic legislation to provide predictable and adequate finance.

And I believe we should also explore other potential means of raising finance internationally. For example, it is important that aviation and maritime emissions are brought into the Copenhagen agreement, and the mechanisms for reducing emissions in these sectors could also potentially yield revenues for climate financing.

And we need to find innovative ways in which public finance can leverage private sector investment – for example through guarantees and insurance schemes, where public support can help bear risk.

I believe there is a particular need for innovation in forestry. In time, as the Eliasch report I commissioned last year showed, forestry credits can and I believe should be brought into the carbon market, under appropriate conditions of monitoring, control and governance.

But in the meantime we cannot afford to delay in providing public finance, or deforestation will simply have proceeded too far. So we are working with both donor and rainforest country partners to see whether a mechanism such as forest-backed bonds could be established to bring significant early finance into sustainable forest management.

Fourth, shared governance. The current international institutional arrangements for the delivery of climate finance and support are complicated, slow and outdated. We must move from a project focus to one which helps developing countries transform their economies and societies as a whole.

Critically, such institutional reform needs to shift the balance of power in current governance structures. Developing countries need a stronger voice. And we need a country-led approach where finance is delivered in support of nationally-determined plans. At the same time we must ensure that international standards of financial management and accounting are met.

If implemented, I believe these principles would establish a completely new form of financing mechanism to address the challenge of climate change in developing countries.

At the same time, we must also recognise that some aspects of low carbon and climate resilient investments will also be critical for poverty reduction. Today there can be no support for agriculture or water management in developing countries, for example, which is not also adaptation expenditure. Giving the rural poor access to renewable energy is both climate mitigation and poverty reduction.

So all official development assistance will now have to be climate-proofed to ensure that it properly takes into account the impacts of climate change.

So I propose that, while some climate finance can come from official development assistance - where it clearly meets both poverty reduction and adaptation or mitigation objectives - a ceiling should be placed on this. In the UK we will limit such expenditure to up to 10% of our official development assistance. And we will work towards this limit being agreed internationally.

This will ensure both that sufficient aid is directed at achieving the Millennium Development Goals in the poorest countries, and that, while some climate finance is clearly aid, this is not used to undermine the principle of additionality.

Finally: in recent years a number of research studies have estimated the incremental costs of lower carbon and climate resilient development, based on different kinds of needs and cost assessments.

But it is important to remember that these assessments are research estimates. What contributors will actually finance are mitigation actions proposed by countries and set out in sustainable development plans. So these studies are only the background to the actual agreement which donors and recipients must reach.

If we are to achieve an agreement in Copenhagen I believe we must move the debate from a stand-off over hypothetical figures to active negotiation on real mitigation actions and real contributions; and an urgent recognition of the needs of the poorest and most vulnerable countries for adaptation finance.

So today I propose we take a working figure for this purpose of around \$100 billion per annum by 2020. I believe the mechanisms I have set out are capable of raising at least this sum – and it is a credible number against which countries can develop their plans.

It would come, as I have set out, from a combination of the carbon market, new and additional sources of predictable finance and a limited amount of development aid. And while the figure of \$100 billion would be for 2020, funds would need to become available from 2013.

On this basis I would urge the leading developing countries to bring forward ambitious and concrete propositions for mitigation actions that could be financed by these sources.

I would propose that a substantial proportion of the public finance should be earmarked for adaptation for the poorest and most vulnerable countries.

And I propose that donors commit to establishing and contributing to mechanisms which can raise a sum of this kind.

We can then get on with the really important task, which is turning these plans into reality.

An ambitious agreement in Copenhagen is certainly achievable. And yet it remains far from certain.

We cannot allow this to drift – when every year of delay retards investment, locks us into a higher emissions pathway, worsens the impacts on the poorest and most vulnerable, and increases the costs of eventual reduction.

Copenhagen is twenty-three weeks away. When historians look back on this critical moment, let them say, not that we were the generation that failed our children; but that we had the courage, and the will, to succeed.