

Translated version of op-ed on a global Marshall plan on climate and development, published in the main Swedish daily *Dagens Nyheter*
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In December the climate negotiations are supposed to be concluded in Copenhagen. But so far, the negotiations are in a deadlock. One critical issue is how the large investments that are needed in developing countries to move towards low carbon emission societies should be financed. As the developing countries already account for half of the global emissions, it is in the direct self-interest of the rich of the world to support this transformation and ensure that it begins as soon as possible.

According to a UN-report there may be a need of hundreds of billion USD a year, a Marshall plan for the climate that we have hardly seen before. So far, the industrialised countries have been very reluctant to promise any significant sums. The EU commission has proposed that the EU should only provide 2-15 billion euro per year.

Tomorrow Tuesday, the Division for Sustainable Development at the UN presents a very concrete plan for how a Marshall plan for climate and development can be designed. But already today we present this proposal, both here at Dagens Nyheter and at a seminar at Kulturhuset.

The core idea of the plan is to both create a huge boom in demand for both small and larger-scale sustainable electricity production in the whole world and to provide electricity to the two billion poor people who today do not have electricity. This would be a significant contribution in the fight against poverty and would at the same time speed up the development of cheap photovoltaics and energy efficient solutions.

The principle is simple and proven. By giving a guaranteed price in developing countries for renewable electricity that is delivered, both private and public investors can count on a profit that they would not be able to make if they just competed on the market with fossil energy. At the same time this otherwise expensive energy can be sold to consumers at a price that even poor people and countries can afford. The difference in price is a subsidy that is financed by the developed countries, in line with the principles of the climate convention.

These so called feed-in tariffs, or guaranteed prices, have already been used in Germany and Spain with the result that these countries are now world leaders in investments in photovoltaics and wind energy. Correctly designed, this will lead to investors lining up to go for solar, wind and other sustainable energy. A major advantage is that these are time-bound subsidies that will disappear over a ten-year period as renewable technologies become cheaper and income and affordability in developing countries rises.

Several countries, also in the third world, are already experimenting with these kinds of systems. But to make the large and quick transformation that is required, the system must be introduced at a global level, the UN report suggests. And the world's countries need to agree in the climate agreements to provide money for it to a global energy fund.

A system such as this also has the big advantage that it lessens the risk of corruption as the subsidy is only paid upon delivery of the fossil free electricity. Today, the Kyoto protocol allows the countries to take credit for decreases of emissions by financing big installations in advance, which risk becoming both more expensive and not give the real emissions reductions that were intended. This is furthermore problematic as such emissions reductions are part of a trade where industrialised countries instead can emit the same amount of greenhouse gases. An energy fund with feed-in tariffs would instead be pursued in addition to carbon trading.

The proposal in the UN report would of course mean major opportunities for far-sighted business, also Swedish, to contribute to the transformation that is needed. Through the feed-in tariffs, investments in renewable energy all of a sudden become very interesting. More jobs, business profits and tax incomes in industrialised countries improve their willingness to make money available for the feed-in tariffs. But a larger supply of electricity also stimulates jobs and business profits in developing countries.

A global Marshall plan needs more than the transformation to renewable energy, however. The UN report that is presented at the UN Headquarters tomorrow clearly shows that there is a need for substantial public investments and programmes for energy efficiency, new effective and fossil free transport systems and actions to halt deforestation. In addition, the efforts must increase many-fold to handle the consequences – storms, floods, droughts – of climate change that are already happening, and will continue to happen, and which affects the poorest the hardest.

We hope the ideas in this UN report can help rebuild some of the eroded trust between developing and developed countries that is now characterizing the climate negotiations. Here Sweden and the EU can take a positive leadership.

But more key issues must be resolved in Copenhagen. The gap between what scientists and experts consider necessary and what the politicians offer is alarming. So far the developed countries have only declared a willingness to reduce their emissions between 11 and 18 per cent by 2020 while the IPCC mean that 25-40% reductions are needed to meet the 2-degree target. And new research indicates that the situation is even worse. There are strong indications that the coral reefs are bleached already at 1.5 degrees and many people who are already affected by climate change would suffer irreversible consequences of climate change already at two degrees temperature increase.

One barrier to forceful action on climate change is an exaggeration of the short-term costs. The UN report suggests that these costs are more than compensated by the gains both in emissions reductions and energy affordability. The EU has always been a leader in identifying cooperative options for climate action. It can continue to play this role by putting forward a concrete package that achieves both climate and development goals and therefore helps build a level of trust between developed and developing countries.

The main message from the Swedish Society for Nature Conservation and the UN report is that we need to take a new integrated approach tackling climate change that is more ambitious and visionary than what we have seen so far. The countries of the world need to invest in their future now. We must also understand that climate change is at the core also an issue of development and equity and that we both politically, economically, ethically and from a narrow perspective of self-interest have all to win from a transition where developing countries quickly can move to a fossil-free path -- just as we have to do. As the UN report concludes: "to freeze the current global injustices over the coming half century or more (while the world tries to tackle the climate crisis) is economically, politically and ethically unacceptable".

The challenge is great – anything similar to this has never happened in history before, and it will need a set of tools that are markedly different from what's now on the table in the climate negotiations.

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