

Keyword: climate-change

Headline: Paris climate summit seeks global finance reform

Byline: By Agence France-Presse

Published Date: June 22, 2023

Section: business

Word Count: 746

Content:

PARIS, France: Dozens of global leaders will gather in Paris Thursday for a summit to tease out a new consensus on international economic reforms to help debt-burdened developing countries face a growing onslaught of challenges, particularly climate change.

French President Emmanuel Macron has said the Summit for a New Global Financial Pact is aimed at finding the financial solutions to the interlinked global goals of tackling poverty, curbing planet-heating emissions and protecting nature.

He is hosting the meeting with Barbados Prime Minister Mia Mottley, who has become a powerful advocate for reimagining the role of the World Bank and International Monetary Fund in an era of climate crisis.

"We can make a huge difference for the planet and against poverty," Macron said on Twitter on Wednesday.

Economies have been battered by successive shocks in recent years, including Covid-19, Russia's invasion of Ukraine, spiking inflation, debt, and the spiraling cost of weather disasters intensified by global warming.

Leaders set to attend the summit include Kenyan President William Ruto, German Chancellor Olaf Scholz, Chinese Premier Li Qiang and European Commission head Ursula von der Leyen.

"President Ruto will underscore the urgent need to move beyond incremental measures that fall short of effectively combating the climate crisis and fail to generate investment benefits for Africa," Ruto's office said ahead of the summit.

UN Secretary-General Antonio Guterres will also attend, as will US Treasury Secretary Janet Yellen, IMF director Kristalina Georgieva and freshly minted World Bank chief Ajay Banga.

Climate campaigners Greta Thunberg and Vanessa Nakate will be in the French capital, while Billie Eilish will perform at Global Citizen's "Power Our Planet" concert on Thursday evening, lending star appeal to a macroeconomic niche unused to such a limelight.

Climate goals France says the two-day summit will be a platform for ideas ahead of a cluster of major economic and climate meetings in the coming months.

But observers are looking for tangible progress — including keeping promises already made.

"We'd need to see some down payments from the richer countries and their development finance institutions," said Alex Scott of the think tank E3G.

One likely announcement is that a 2009 pledge to deliver \$100 billion a year in climate finance to poorer nations by 2020 will finally be fulfilled, albeit three years late.

A second pledge to rechannel \$100 billion in unused "special drawing rights" (SDRs) — the IMF's tool to boost liquidity — will also be in the spotlight.

The summit comes amid growing recognition of the scale of the financial challenges ahead.

Last year, a UN expert group said developing and emerging economies excluding China would need to spend around \$2.4 trillion a year on climate and development by 2030.

On Wednesday, the International Energy Agency released a report that said annual investment just for non-fossil fuel energy in these countries will need to jump from \$260 billion to nearly \$2 trillion within a decade.

The IEA said investment must remain at those levels until mid-century to keep alive the Paris Agreement targets of limiting global warming to "well below" two degrees Celsius since pre-industrial times, and below 1.5C if possible.

'Great leap' Countries are calling for multilateral development banks to help unlock climate investments and significantly increase lending, while stressing that new debt arrangements should include, as Barbados has, disaster clauses allowing a country to pause repayments for two years after an extreme weather event.

"If a cyclone comes, it doesn't differentiate," Samoa's Fatumanava Pa'olelei Luteru, chair of the Alliance of Small Island States (AOSIS) told AFP.

"It will set back your development for years," he said, adding that countries should be given the fiscal space to recover.

Other ideas on the table include taxation on fossil fuel profits and financial transactions to raise climate funds.

The French presidency has said it wants to give "political impetus" to the idea of an international tax on carbon emissions from shipping, with hopes of a breakthrough at a meeting of the International Maritime Organization in July.

Observers are also keenly awaiting details of a plan from South American countries to create a global structure for so-called debt-for-nature swaps.

Ecuador announced the largest such transaction of its kind last month, aimed at directing vast resources to Galapagos Islands conservation.

After meetings in Germany last week, Colombia's President Gustavo Petro said there had been discussions with the United States, Germany and African countries about the idea.

Petro said it "could be humanity's first great leap forward to address its biggest problem."