

## Greenhouse Gas Emissions Need to be Addressed Globally

From a climatic perspective, it doesn't matter where greenhouse gas emissions come from, and so there is an urgent need to assist developing countries to reduce their emissions. Rich countries have committed \$100bn per year to assist developing countries in both mitigation and adaptation to climate change. But what's the best way of allocating that money? The Green Impact Fund for Transformation is a market-based mechanism that can ensure both fairness and efficiency.

## How the GIFT would work

Financed by a coalition of states, the GIFT would create an option for participants in developing countries to earn impact rewards for reductions in GHG emissions. The GIFT would employ a competitive auction mechanism for projects designed to reduce emissions; successful proponents would benefit from a committed impact reward rate which would enable participants to raise financing. The GIFT could be segregated, with separate funds for renewable electricity generation, reductions in industrial emissions, carbon-negative agricultural practices, and carbon capture. Projects from different countries would compete for payments, ensuring efficiency, while a cap on total payments would control budgetary requirements.

## Advantages of the GIFT

- **Efficiency:** Creates strong incentives to reduce emissions for maximum impact per dollar.
- **Performance:** Issues rewards strictly on the basis of actual emission reductions.
- **Cost control:** Limits cost by means of a fixed annual budget and secures cost-effectiveness through competition among a wide variety of projects.
- **Fairness:** Funded by wealthy countries that have historically benefited from greenhouse gas emissions to support green transformation in developing countries.

- **Flexibility:** Designed to support deployment of a variety of green technologies in many different areas of technology and industries.
- **Consonance with SDGs:** Advances sustainable industrial and technological development in low-income countries (SDG9), mitigates emissions to reduce climate change (SDG13), including through helping to support access to clean energy (SDG7) while strengthening international partnerships (SDG17).

For more information, contact us at [ahollis@ucalgary.ca](mailto:ahollis@ucalgary.ca)