

Climate change financing -- the role of development cooperation

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"Development cooperation can play an important role in ensuring that the poorest countries will benefit from climate change funding," says Olof Drakenberg, policy analyst at the Environmental Economics Unit at the School of Business, Economics and Law, University of Gothenburg, Sweden.

Available [funding](#) for addressing climate change and other environmental issues is but a fraction of what is needed. Swedish prime minister Fredrik Reinfeldt promised this week that Sweden will contribute about 370 million USD annually for adaptation and emission reductions in [developing countries](#). With its move, the Swedish government seeks to increase the pressure on other EU countries to provide money.

"New and additional money is needed. But it's not just about the amount to be negotiated in [Copenhagen](#), or from where the money comes from. It's also about who will get the money and under what conditions" says Olof Drakenberg. Together with his colleague Emelie César he has written the report, Old, New and Future Funding for Environment and Climate Change - the Role of Development Cooperation, which is a background study commissioned by Sida - Swedish International Development Cooperation Agency - that feeds into the ongoing work on Swedish government policy on environment and climate change

Weak rule of law, lack of transparency and low administrative capacity risk hamper climate funding to poor countries. The experience of

climate finance coming through the Clean Development Mechanisms is illustrative. The least developed countries have attracted about 5 per cent of climate finance with the large majority ending up in China and India.

"The most important role for development cooperation in relation to environment finance in general and climate change finance specifically is to reduce the bottlenecks that inhibit financial flows and effective delivery, so that even the poorest countries benefit from [climate change](#) funds. In practice, support for strengthening institutional capacity, increase transparency and combat corruption becomes even more important. In addition, Sida and other donors should prevent the proliferation of funds and conditions that increase transaction costs and reduces national ownership.

More information: The report "Old, New and Future Funding for Environment and Climate Change - The Role of Development Cooperation" can be downloaded at www.hgu.gu.se/item.aspx?id=19542

Provided by University of Gothenburg

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