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Soros proposes climate fund flow from rich to poor

By **Hilary Whiteman**, CNN
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Soros' climate plan

STORY HIGHLIGHTS

Soros proposal: IMF to distribute "Green Fund" to poor nations

Richer nations would contribute to fund with money from SDR allocations

SDRs were part of \$1.1 trillion G-20 plan to stimulate economic growth

Soros anticipates government support for plan; Oxfam backs proposals

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(CNN) -- Billionaire investor George Soros has proposed a way to free up funds to help the developing world adapt to climate change.

He is proposing that developed countries lend the money they received in Special Drawing Rights (SDR) from the International Monetary Fund (IMF) in September back to the Fund so it can be distributed to projects in the developing world.

"The developed world received over \$150 billion and they really have no use for it at all," Soros told CNN, from the United Nations climate summit in Copenhagen.

Soros said the money could be distributed via the IMF to a "Green Fund" that would invest in projects to reduce carbon emissions.

In September, all 186 IMF member countries received an allocation of SDRs, in an initiative agreed upon at the G-20 meeting in London in April.

It was part of a \$1.1 trillion plan to stimulate economic growth by pumping more money into the global economy.

Soros' said he had floated his proposal with a number of governments and anticipated their support, although he expected some resistance in the U.S. Congress.

"The main difficulty actually is that it would require Congressional approval in the United States. And that's a cumbersome and painful

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process for the Administration to go through," he said.

"They would probably prefer not to do it unless the political will can be generated. I think that the President would certainly favor it," he added.

Charity group Oxfam gave its backing to the proposal and called on developed countries to make firm financial commitments.

"Finally someone is showing the kind of innovative thinking needed to make this deal worth its salt. Soros' proposal shows exactly the kind of ambition and urgency we need to see from rich country governments themselves," said Robert Bailey, Oxfam International's Senior Climate Advisor.

"Poor countries will need at least \$100 billion a year by 2020 to adapt to the ravages of climate change. With just one week to go, its time for governments to stop sidestepping climate finance and put their money where their mouth is," he added.

SDRs were created by the IMF in 1969 as an additional reserve asset. Their value is determined by a basket of four currencies including the U.S. dollar, Japanese yen, euro, and pound sterling.

Of the total SDRS distributed in September, around \$150 billion went to the most developed countries.

It is that money that Soros is proposing is redistributed, although he says interest and repayments could be guaranteed by the IMF.

"The interest and the principal would be guaranteed using the gold reserves of the IMF, which again are on the balance sheet at historical cost. The current market value is at least \$100 billion more," he said.

Soros is in Copenhagen where some 15,000 delegates are negotiating a potential global climate deal.

One of the main points of contention is how much money developed countries are willing to provide the developing world to help poor countries adapt to climate change.

Soros said he believed his proposal would work and may even determine the outcome of the conference.

"I think that this will have legs. I have the feeling that this could really make the difference between success and failure," he said.

"And I think that it will be embraced. It's coming rather late in the day, but I did actually discuss it with a number of governments and I think that there will be support for it."



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