

Climate change estimates. The IPCC First Assessment Report cautioned that "sound policy analyses is inadequate" in part because of "uncertainty with respect to the costs, effects on economic growth, and other economic and social implications of specific response options or groups of options."<sup>10</sup> The earlier McKinsey analysis commissioned by the Government of the Netherlands that was circulated in the IPCC pulls together a number of estimates as to annual capital costs to reduce greenhouse gas emissions by five percent relative to volume in the year 2005. These suggest that 1985-2005 annual capital costs are highest for the countries of Eastern Europe (\$27 billion), lowest for OECD states (\$18 billion), with the rest of the world in between (\$22 billion). Seen as a portion of Gross Domestic Product (GDP) these differences are even more striking.

To meet the funding requirements for a cooperative program to achieve reductions in Greenhouse gas emissions, a gradual, phased approach was outlined in this analysis suggesting an international clearinghouse mechanism capable of switching financial flows between various activities to reduce emissions or take greenhouse gases out of circulation. Such actions might be included as funding to encourage CFC substitutes, expanded forest management, fossil fuel energy conservation, and agriculture practices calculated to reduce emissions, as well as expanded monitoring and research. Three possible sources of funding were considered: voluntary financing, using existing bi- and multilateral channels; financing based on international assessments ("burden sharing"), in principle via a multilateral institution; and a mixed approach, differentiating the use of financing channels according to the overall approach.

Sustainable development estimates. A recent summary (by the former Secretary-General of WCED) based on estimates by the World Bank and by the WorldWatch Institute foresees an average annual requirement between 1990 and 2000 of \$124.6 billion, for a total by the year 2000 of \$1,371 billion.<sup>11</sup>

6. Where Will the Money Come From? Present international developments give new credibility to the concept of harnessing savings as a result of reduced military budgets for more constructive purposes, and a number of proposals on this are outstanding. But as the above figures suggest, new demands for capital investment to combat desertification, protect stratospheric ozone, and slow climate warming, not to mention mounting pressures in all countries to improve national infrastructure and economic conditions at home