

Side-event stresses importance of equity and finance for more climate ambition

Katowice, 5 Dec. (Perna Bomzan) – ‘Equity is the gateway to climate ambition’ was the key message reiterated by developing country negotiators and civil society at a side-event on 4 Dec, organized by the Third World Network (TWN) and the South Centre at the ongoing climate talks in Katowice, Poland.

The side-event was moderated by **Vicente Yu** with panel members comprising **Zaheer Fakir** of **South Africa**, who is the G77 and China’s coordinator on finance issues, **Walter Schuldt** of **Ecuador**, who was the preceding Chair of G77 and China, **Ravi Prasad** of **India**, who is the Chief Negotiator and Joint Secretary from the Indian Ministry of Environment, Forests and Climate Change and **Meena Raman** of **Malaysia** who is TWN’s Climate Change Programme Coordinator.

Zaheer Fakir emphasized that it was important to understand where the current state of finance lies in the negotiations, to understand the positions of G77 and China. He gave an elaborate insight into the difference between the finance pledges and what actually materializes, citing the example of the Green Climate Fund, where the USD 10 billion was initially pledged but only about USD 7 billion has actually materialized, with a USD 2 billion shortfall due to the United States not meeting its pledge and another USD 1 billion being lost not merely in foreign exchange fluctuations but also due to the nature of pledges being made in grants, loans, capital and promissory notes.

He also added that in the Global Environment Facility (GEF), the allocation of funds for climate change has been reduced by 40%, and this was in an era where enhancing ambition is being talked about. In relation to the financial instruments, Fakir explained that in the past, much of the multilateral financing was mostly grant based,

while today, it was mostly concessional finance that are loans, and this shapes not only the nature and kind of projects but also the type of countries that will be eligible to do those projects. He added further that concessional loans, even if the interest rates are low, are still debts and more and more developing countries are being asked to take on debt instruments to do climate action.

Fakir also informed about the increasing prevalence of the eligibility issue where in the past, all developing countries had access to financing while now, new eligibility criteria is being adopted unilaterally by some developed countries who are looking at the income levels of countries. Middle income countries, he said, are viewed as not being eligible for grants but only loans. Another serious problem that has arisen is the serious questioning of projects as to whether they were adaptation projects or development related. There is also the shifting of the burden to the private sector for providing finance, when clearly, developed countries have the obligation to do so, he stressed further.

The G77 finance coordinator said that in view of this, when one looks at Article 9.5 of the Paris Agreement (PA) (that provides for the ex-ante information on public financial resources from developed countries), the issue is really about knowing what finance is available to stimulate developing countries from undertaking more ambition on the assumption that money will be received. Reporting of ex-ante information on finance is also very important for better planning of actions, said Fakir further.

He added that in essence, the PA did not lead to additional money for developing countries as the decision adopted, shifted the goal of mobilizing the USD 100 billion by 2020 by another five years

to 2025. By 2025, a new long-term goal on finance is expected to be reached but there is no discussion on how to come about to that new goal, he said and that even the initial USD 100 billion goal was decided by a few heads of State, with no analysis of needs of developing countries.

Fakir clarified the difference between the terms “mobilization” and “provision” of finance. He explained that in the GEF, for every USD 1 provided by developed countries, developing countries had to provide co-financing with a ratio of 7:1, and that for a middle income country, the ratio is 12:1, which is expected to apply to all developing countries in the future. It was therefore important, said Fakir, to read the fine print in negotiations where developed countries only provide a small portion of the resources, while a much larger amount is reported as having been mobilized.

Fakir concluded that in the current negotiations, there has been a reluctance on the part of developed countries to discuss the process of determining the new long-term goal on finance by 2025, or on how to guide the replenishment of the GCF; the issue being whether it should be based only on what developed countries can provide or based on the needs of developing countries.

Walter Schuldt began by expressing commitment towards the common goal and common vision to address the global threat of climate change and to finalise the work that began in 2015 with the Paris Agreement (PA), referring to the PA Work Programme (PA) which is expected to be adopted in Katowice.

He also called for more ambition in the delivery of finance emphasizing that finance is one of the core elements that has to be finalised in Katowice given both the pre-2020 unfulfilled commitments by developed countries as well as fresh commitments for the implementation of the PA. Schuldt expressed concern that “new narratives” were coming from developed countries about “financial flows and the enabling environment” as if it will begin only from 2020 onwards under the PA, despite current unfulfilled commitments in finance to developing countries. He lamented that some developed countries could not agree to a simple decision for the Adaptation Fund (AF) to serve the PA and are pushing proposals to change the existing governance of the Fund so that donor countries could make decisions over how funds could be accessed.

Schuldt also touched upon another key aspect of the negotiations on ‘transparency of action’ taken by both developed and developing countries which he said is significantly related to equity. He said that developing countries are already reporting through different tools their climate actions, and by adding more details and complexity to the existing rules of reporting without sufficient finance and capacity building will not be easier but burdensome for developing countries.

He also stressed that the final agreement in Katowice should have a clear relationship with local communities and indigenous peoples as well human rights but was concerned that there were attempts to sideline them, which was contrary to just transition as well as the broader concept of climate justice.

Ravi Prasad gave an elaboration of how Parties are looking at equity differently. He said that some are articulating equity in terms of the process by saying that the adequate participation from developing countries is a manifestation of equity. There are others who are looking at equity in terms of outcomes; so if developed countries are sharing greater responsibilities while it is less for developing countries, then it is the outcomes and actions which represent an equitable kind of end result in the process. Then there was the aspect of equity in terms of the outcome for individuals in different parts of the world, especially looking at per capita emissions and different consumption patterns. So, equity means different things to different people, and therefore, it is important in this process to talk in the same language and understand the same thing, said Prasad, emphasizing equity oriented outcomes in terms of actions and results for individuals.

The Indian delegate also shared about different studies highlighting correlations between energy consumption and growth, and correlations between the human development index and development, emphasizing that the focus of countries which are not yet developed is therefore on trying to achieve those goals, which are essential for them to provide the basic amenities to their citizens. Hence, whatever climate actions or support is being discussed in the UNFCCC process needs to be based on these realities being faced by developing countries, he said, adding that equitable actions would translate as greater actions by developed countries both in terms of mitigation and the provision of support. On the other hand, when looking at what developing countries are

required to do, they have to also address the issues of sustainable development, poverty eradication, provision of energy access, health for all and all limiting factors that they want to overcome and it is in this context that the principle of common but differentiated responsibilities (CBDR) has been anchored both in the Convention and the PA, he emphasized further.

Prasad said that there has been lack of ambition and undermining of equity by developed countries when looking at the pre-2020 period, since there was a requirement for them to enhance their ambition both on mitigation as well as on support to developing countries. He stressed on the historical emissions and historical responsibility of developed countries which translates into a historical debt owed by developed countries. He also said that developing countries are doing their share in terms of increasing ambition in terms of their nationally appropriate mitigation actions in the pre-2020 period as well as their nationally determined contributions which are no less ambitious than any developed country in the world. He said that this was therefore context to realise the concept of equity.

He concluded that all pre-2020 commitments by developed countries must be completed by 2023, by carrying them forward because any pre-2020 gap will be a burden for the rest of the world. He also stressed that the raising of ambition is here and now and cannot be delayed for the PA to kick in late in 2021.

Meena Raman presented the importance of equity being central to climate ambition, recalling its long history when the Convention was born in 1992 and was premised upon the fundamental principle of equity and CBDR, wherein Parties have a common responsibility for addressing climate change but how it is to be done needs to be differentiated between the developed and developing countries, given that the former became rich in an unconstrained carbon world, with historical emissions since the industrial revolution and the huge consumption of natural resources since then.

She stressed that the CBDR principle was heavily negotiated in Paris which was finally anchored in Article 2.2 of the PA, adding that attempts were however being made by developed countries to water it down the principle further, by changing the CBDR principle to a common and shared responsibility, thus diluting the difference between the developed and developing countries, which she underscored as being unacceptable, since both worlds were not at the same starting point.

Raman said that an ambitious and equitable outcome in Katowice must be premised upon climate justice as defined by CBDR and equity, and expressed deep concerns about the attempts of shifting of responsibilities by developed countries to the developing countries, which she said was immoral and unethical.

The event was very well attended with around 150 persons, and took place from 6.30 pm till 8 pm on the second day.