

International Climate Finance Mechanisms and Implications for Nepal.

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Context:

Before Climate Finance... Climate Justice

What is Climate Justice?

Climate justice is the principle that seeks to address the uneven impact of climate change on marginalized and vulnerable populations, especially in developing countries. Historically, these are countries that have contributed the least to climate change, but face its worst impacts.

Climate Justice recognizes the historical responsibility in regards to Climate Change and is based on the principle of Common But Differentiated Responsibility (CBDR) enshrined as Principle 7 of the Rio Summit (Earth Summit) 1992 and re-iterated by the Paris Agreement of 2015.

Climate Justice and Climate Finance

CLIMATE JUSTICE seeks to ensure that climate finance, the financial resources provided to address climate change, is distributed equitably to support the needs and priorities of marginalized communities and developing countries most affected by its impacts.

What is Climate Finance?

Definition, Issues and Updates

There are two ways the term and concept "Climate Finance" is used:

**UNFCCC
(United Nations
Framework Convention
on Climate Change)**

Outside UNFCCC



There are two ways the term and concept "Climate Finance" is used:



- It is agreed that Climate Finance is an **obligation of developed country governments to provide for "developing country" Parties, in recognition of the principle of CBDR.**
- **to cover the costs for mitigation, adaptation and Loss and Damage**
- **Finance which is new and additional, adequate and predictable and which is non-debt creating**



There are two ways the term and concept "Climate Finance" is used:

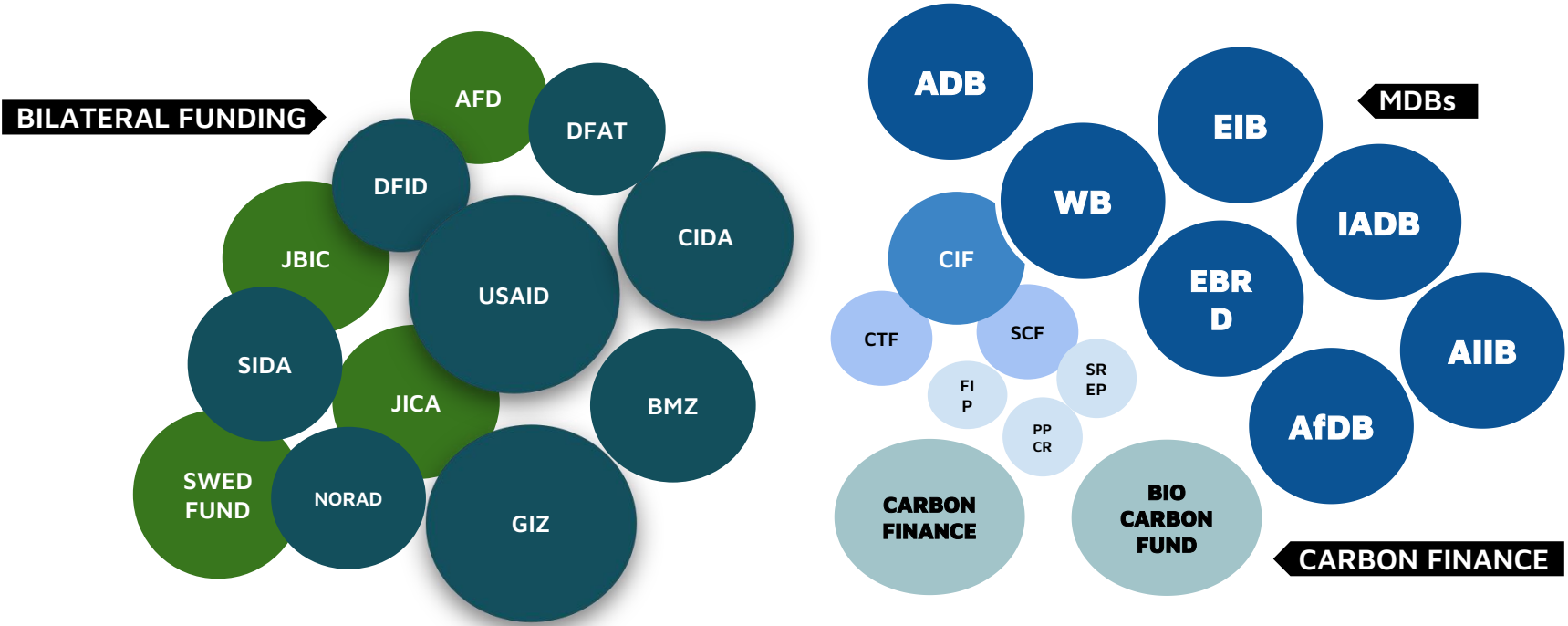
→ Finance meant for all kinds of climate programs and actions, **regardless of sources, recipients and modalities**

Outside UNFCCC

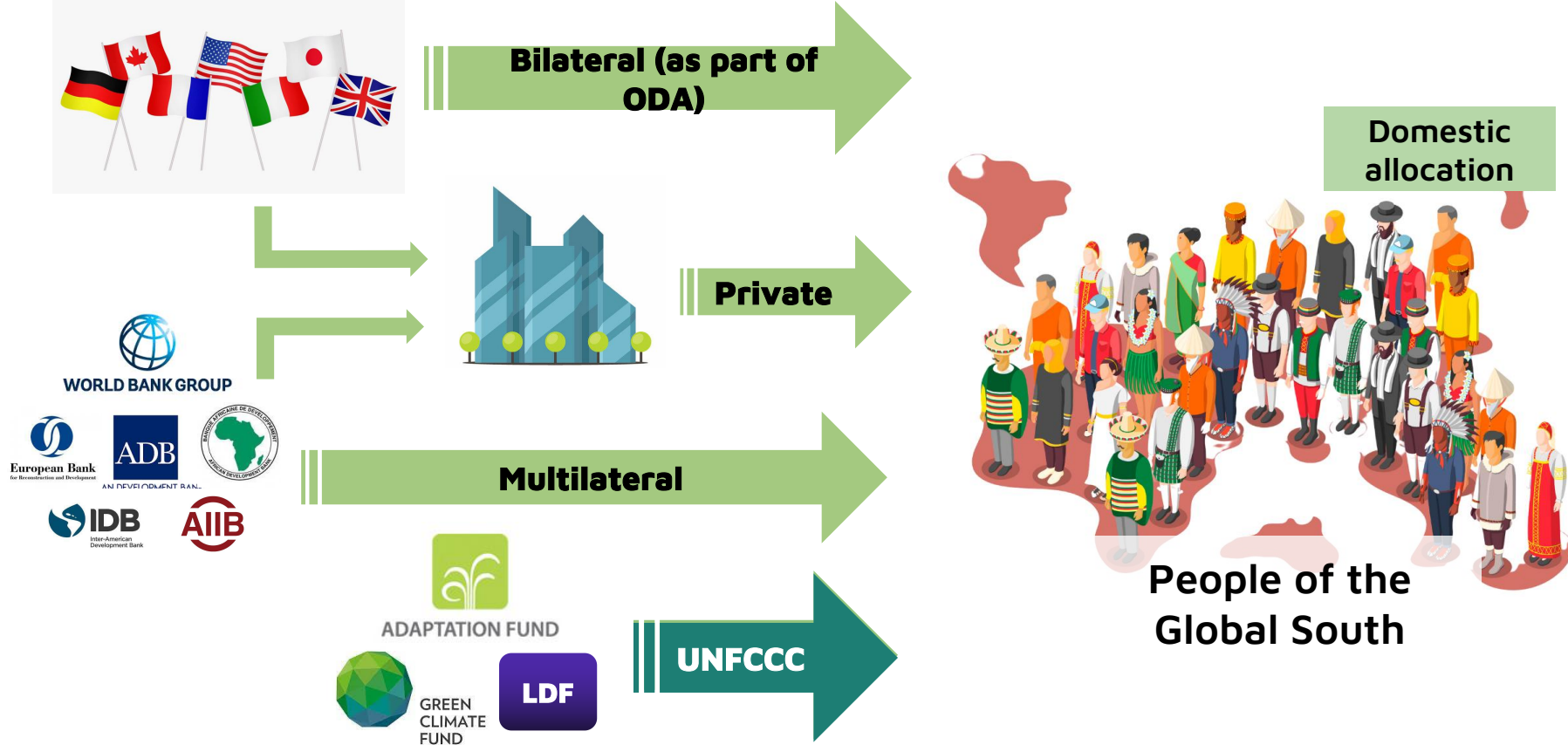


Recognizing the principle of CBDR, only the fulfillment of climate finance obligations under the UNFCCC should be counted.

In the UNFCCC processes, developed country parties refuse to develop and adopt agreements on clear **operational definition of Climate Finance based on the UNFCCC provisions**. Thus other funding flows - multilateral, bilateral and regional and even private - are being labeled Climate Finance.



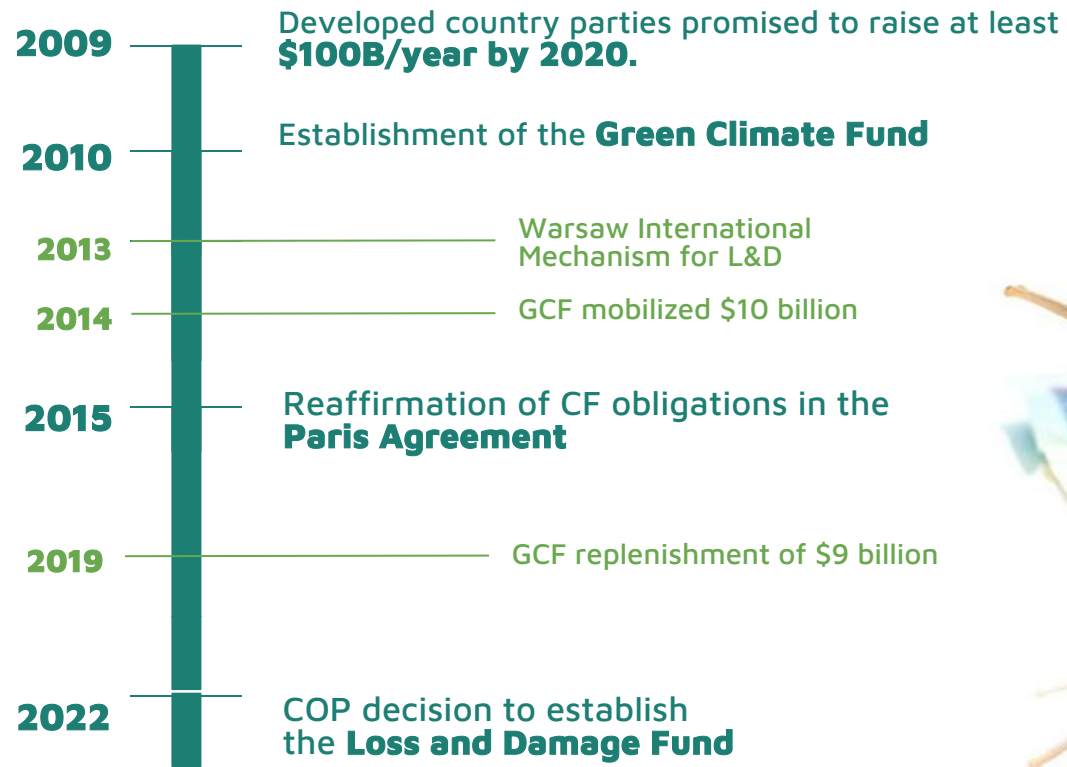
Climate Finance Flows





Climate Finance from a Climate Justice perspective

- Part of **fair shares and obligations** of the **Global North** for **global Climate Action**
- Part of **reparations for the huge climate debt** owed to the **Global South** for the **crisis they did not create**

Timeline of slow progress



Climate Funds under the UNFCCC

	GEF Global Envi. Facility	LDCF Least Developed Country Fund	SCCF Special Climate Change Fund	AF Adaptation Fund 	GCF  GREEN CLIMATE FUND	LDF Loss and Damage Fund
Year established	1991	2001	2001	2001 (2009*)	2010 (2015*)	2023*
Funding source	40 devd countries	25 devd countries	15 dev'd countries	19 devd Cs + 2% of CDM proceeds + donations	45 devd and devng countries	???
Fund status	USD 20 Billion	USD 1.6 Billion	USD 354 Million	USD 1.4 Billion	approx. USD 20 Billion	???
Area/Theme of focus	Multiple focal areas inc. climate change	Adaptation only	Adaptation only	Adaptation only	Adaptation and Mitigation	L&D from sudden and slow onset events
Who can access	Developing countries	LDC countries (46)	LDCs, SIDS prioritized	Developing countries via AEs	Developing countries via AEs and NDAs	Developing countries

THE STATE OF CLIMATE FINANCE: INADEQUATE and UNPREDICTABLE

INADEQUATE

Mainly due to the lack of political will to deliver its pledges, driven by business-as-usual practices and consistent avoidance of obligations from governments of the rich and industrialised countries.



THE ROAD TO PARIS - PAVED WITH... INTENTIONS



PARIS CLIMATE DEAL: EU LEADERS DECIDE ON WHO NEEDS MOST SUPPORT

UNPREDICTABLE

Commitments remain voluntary with no compelling targets for specific amounts and when they should be delivered/completed.

THE STATE OF CLIMATE FINANCE: unobtainable and unjust

INACCESSIBLE

Access to climate funds under the UNFCCC require arduous process and requirements, making it more challenging for developing country governments and institutions.

DEBT-CREATING

More than 70% of climate finance made available are in the form of loans and other non-grant instruments that add to the debt-burden of the Global South.

MITIGATION-CENTRIC

The lion's share of climate finance still go to mitigation that tend to focus on large-scale profit-driven technologies, and overlook the increasing needs for adaptation and L&D.



State of Play:

- **At COP 28, the principles of equity and Common but Differentiated Responsibility enshrined in the UNFCCC that compel developed country governments to take the lead in taking ambitious climate actions, including the provision on climate finance are under attack in various climate negotiation spaces.**
- **The “shared” responsibility approached is being advanced by governments of the Global North, shifting the burden of mobilizing resources for climate action to also include developing countries, and enabling other actors in the global financial system such as the private sector and Multilateral Development Banks (MDBs) to get involved.**

In the context of Nepal, crucial Climate Finance components are twofold:

- **Asides from the Global Environmental Facility (GEF), the Least Developed Country Fund (LDCF), Special Climate Change Fund (SCCF) and the Adaptation Fund (AF), which have their own issues, mainly related to access, two main funds are of prominence, that includes:**
 1. **Green Climate Fund (GCF)**
 2. **Loss and Damage Fund (LDF)**

Green Climate Fund:

has three (3) projects in Nepal:

- **1 of the Projects is related to MITIGATION**
- **2 of the Projects are related to ADAPTATION**

**-Mitigating GHG emission through modern, efficient and climate friendly clean cooking solutions.
USD 49.2m**

**-Improving Climate Resilience of vulnerable communities and ecosystems in the Gandaki Basin,
Nepal USD 32.7m**

-Building a resilient Churia Region in Nepal (BRCRN) USD 47.3m

- **National Designated Authority (NDA):**

-International Economic Cooperation Coordination Division, Ministry of Finance

- **Direct access Accredited Entities (DAEs)**

-Alternative Energy Promotion Centre (Nepal) (AEPC)

-National Trust for Nature Conservation (Nepal) (NTNC)

Loss and Damage Fund, a win for the Global South

The issue of Loss and Damage has been set aside by developed countries for years, but relentless efforts of Civil Society backed by developing country governments, led to an agreed international decision to finance L&D and its subsequent operationalization.

Loss and Damage Fund:

Definition: “The actual/potential manifestation of impacts associated with climate change in developing countries that negatively affect human and natural systems”

So there is no clear definition of what L&D comprises

- **The Loss and Damage Fund has operationalized in COP 28.**
- **The Loss and Damage Fund is proving to be one of the most contentious issues in International Climate Negotiations in terms its modalities. It will have grave implications for developing countries like Nepal.**
- **LDF is an essential aspect for climate justice and helps to address the geographic imbalance between the cause and effect of climate crisis.**

Loss and Damage Fund

- **L&D Fund will provide 'direct access' to national governments, subnational governments, and entities accredited by the other UN climate funds, as well as access by multilateral entities.**
- **For Nepal, once implemented, it would scale up our resilience to the impact of the climate crisis. Community and eco-system based adaptation could be enhanced.**
- **Will also be helpful in terms of rebuilding the necessary physical and social infrastructure.**
- **Will also help bring about an "adaptive social protection" from climate change impacts.**

Conclusion:

- **Losses and Damages are already happening and will increase significantly on current trajectories, but rapid mitigation and effective adaptation can still prevent many of these.**
- **While many losses and damages can be calculated in monetary terms, there are also non-economic losses and damages that need to be better understood and accounted for in the overall scenario**
- **A coordinated, national and sub-national response to losses and damages (known by the capitalized Loss and Damage) is urgently needed.**

Mitigation	Adaptation	Climate Change Event	Loss and Damage
Avert Loss and Damage -Mitigation to reduce GHG emissions	Minimise Loss and Damage -Adaptation -Disaster Risk Reduction	Extreme or Slow-Onset Event -Storm, cyclone -Drought -Sea Level Rise -Heatwave -Flood -Wildfire etc	Address Loss and Damage -Humanitarian Response -Rehabilitate -Relocate -Transform Livelihoods -Social Protection etc

**What are our
demands?**

What Strategic Changes are we fighting for?

REPARATIONS FOR CLIMATE DEBT OWED TO THE GLOBAL SOUTH

due to the historical and present GHG emissions arising from profit- and growth-oriented systems of extraction, production, distribution and consumption

FULL DELIVERY OF ADEQUATE, NON-DEBT CREATING & PREDICTABLE CLIMATE FINANCE

that will fully meet the mitigation, adaptation and loss and damage needs of the people and communities of the Global South



What are our immediate demands?

DEFINITION OF CLIMATE FINANCE

- ✊ Establish operational definition of climate finance that is based on equity and CBDR, and underscores the obligation of those who have contributed the most to the climate crisis.

STRENGTHEN UNFCCC FIN. MECHANISMS

- ✊ Push for the operationalization of the LDF by 2023
- ✊ Hasten the mobilization and delivery of pledges in the GCF, AF and LDF.
- ✊ Address gaps and issues of inaccessibility of funds
- ✊ Ensure balanced funding for mitigation, adaptation and L&D programs
- ✊ Ensure participatory processes and programs that advance and protect the rights of people and communities

FULL DELIVERY of OBLIGATIONS of GOVERNMENTS

- ✊ Demand G7 to deliver climate finance as part of their fair share of climate actions.
- ✊ Reject efforts of **Northern govts** that undermine the delivery of pledges and obligations.
- ✊ Ask **Southern govts** to demand reparations and implement climate-responsive programs
- ✊ Hold Southern govts accountable for proper implementation or climate programs that ensure participation of people and communities

STOP FALSE FINANCE SOLUTIONS FOR CLIMATE

- ✊ Reject actions and programs that promote the expansion of loans and private profit in CF.
- ✊ Block efforts that will undermine the obligations of Northern governments and corporations to deliver CF.

Thank You