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Human rights and financing climate justice

Maria Theresa Nera-Lauron

Poor people, especially in the developing world, are already bearing the negative impacts of climate change. Because drastic mitigation through substantive reduction in greenhouse gas emissions especially from the industrialized North has yet to take off, climate change is likely to get worse and extend further into the future. It threatens to undermine a wide range of human rights of present and future generations. It also threatens to push people further into poverty and underdevelopment. Adaptation is looking to be a long-term requirement that poor countries are most compelled but least equipped to undertake. The world needs a system that will deliver adequate and effective financing for climate action, especially adaptation.

Climate finance is an important feature of international cooperation in response to climate change. As the climate finance architecture takes shape and money starts to flow into countries on a large scale, the issue of climate finance effectiveness increasingly comes to the fore, above all to do justice to the poor and marginalized whose rights and development prospects are being diminished.

Climate finance, of course, refers to transfers of resources (public money mainly) from developed countries to developing countries. It is money intended to assist developing countries in paying for the costs of climate change adaptation, mitigation, and related capacity-building and technology diffusion measures. Climate finance is one of the two duties developed countries agreed to take on under the UN climate convention, alongside the duty to lead in cutting carbon emissions.

Climate finance and human rights

Human rights language is mostly absent from official climate finance discourse, but a human rights framework for climate finance is a very useful tool especially for climate justice advocacy.

First, although international law does not create rights to claim climate finance, it assigns a duty to developed countries to provide it to developing countries. This duty is anchored in a recognition that developed countries are mainly responsible for climate change, and are morally bound to remedy its consequences on countries and communities that had little part in causing it.

The climate justice community more strongly frames climate finance in terms of *reparations*, a means of redress for harm done. Developed countries do not accept this notion and treat climate finance more like assistance or aid.

Second, climate finance involves the transfer, management and expenditure of large sums of money in poor countries. It leads, therefore, to questions such as what types of projects or programs these funds are spent on, who decides on how these funds are used and what their impact on people and their development are. A rights-based approach to climate funding helps ensure that both the *processes* and *outcomes* of climate finance fulfill and protect, rather than violate the human rights of the poor.

The climate justice community uses normative principles in line with human rights to evaluate climate finance. IBON International, my organization, has had the opportunity to engage in both climate justice and aid reform advocacies, and we have incorporated lessons drawn from decades of development assistance into the principles we advocate for effective climate finance.

First climate finance must be *adequate, predictable and equitable compensation*. The scale of funding must match up to developing countries' needs. It must be reliable. It must be treated as payment for harm done and not create debt burdens on the part of its recipients. It must be new and additional to aid. It should come from public contributions, and making profit should not be its aim. It should be allocated to poor countries on the basis of need. Second, climate finance must be *democratically governed*. In the global and national levels, climate finance must come under public authority. Structures should reflect the majority of poor countries and sectors of society. And non-government stakeholders must be amply represented.

Third, climate finance must be *human rights-based*. It must be framed as a relationship between rights-holders and duty bearers. It must lead to the protection, fulfillment or redress of rights that are undermined by climate change. Climate finance delivery should also follow a human rights-based approach. It must uphold the rights to information, participation, and access to justice.

Fourth, climate finance must be *democratically owned*. Recipient countries and communities should be able to use climate funds in line with their own defined needs and larger strategies for climate action and development.

Lastly, climate finance must fund actions that *support sustainable development*. Climate funds must as best as possible be used on actions that promote or are coherent with larger development efforts to eliminate unequal and unsustainable patterns of development, which are at the root of vulnerability and unsustainability.

Human rights challenges in climate finance

What are some of the challenges and issues we face in climate finance? I would like to focus on four. At the Copenhagen and Cancún climate summits, developed countries promised to provide collectively USD30 billion in fast-start finance for 2010-2012 and USD100 billion by 2020.

However, barely any rules and mechanisms exist to hold developed countries accountable for these commitments. The monies that developed countries announce as climate finance are *voluntary*, rather than mandatory contributions. These monies are usually part of their domestic budgets, so they are subject to delays which lead to gaps between announced commitments and actual disbursement. Developed countries also usually report their climate funds as official development assistance, which makes for double-counting. Publics rely on whatever information governments report and publish, making it hard to measure and track compliance. Finally, there are no consequences for non-compliance.

The second issue has to do with private and market-based forms of climate finance, including foreign direct investment, investments leveraged by multilateral development bank instruments, and payments for carbon offsets.

Climate justice advocates do not see these as fit for the purpose. Private finance and markets – which are driven by the goal to maximize private gain – cannot guarantee equitable, pro-poor, and positive environmental outcomes. They tend to concentrate in

better-off countries where profit opportunities are greater, leaving behind much poorer countries. For instance, only eight middle income countries accounted for over 50% of all FDI to developing countries in 2010, and only four big developing countries host nearly 80% of all of the UN's Clean Development Mechanism projects.

The actions they fund are also of questionable environmental outcome. Carbon offsetting projects allow developed countries to continue emitting greenhouse gases by funding cheaper carbon-saving projects in developing countries. Projects that receive offset payments include coal plants, hydroelectric dams, and monoculture plantations that do not promote sustainable energy and sometimes lead to human rights violations.

The third issue concerns the part played by traditional aid structures and relationships in climate finance. The architecture of climate finance at the moment is virtually an extension of the aid system. It is a top-down, donor-driven system. Developed countries determine the purpose of climate funds and deliver them via their preferred channels, notably their own bilateral aid channels or the World Bank. Meanwhile, not enjoying the rich countries' support, climate funds under the UNFCCC became a collection of small vertical funds suffering chronic underfunding. These multiple funding channels makes climate finance fragmented. Globally, there is no coherence and no oversight.

This makes it complicated at the level of recipient countries. Multiple funders come to countries with pre-set objectives, and developing countries struggle integrate external climate funding with their own climate and development strategies.

The fourth challenge in international cooperation goes beyond climate finance – and that is the need to promote a rights-based approach to development in response to the grave economic, social and environmental crises confronting the world today. There is no real development possible unless it transcends the present economic and social system that engenders these crises.

We therefore sound the alarm bell – many civil society organizations fear that the “Green Economy” agenda currently on the negotiating table will consist mostly of market-based, private-sector led initiatives or technological fixes that reinforces corporate control over natural resources and environmental services at the expense of the people who are most dependent on these resources.

To make it absolutely clear, the Green Economy agenda puts a price tag on nature, is clearly incompatible with human rights, and will exacerbate the already dire situation of the most vulnerable populations.

Strengthening human rights in climate finance: Ways forward

How can we strengthen the human rights adherence of international climate finance? Here are some ways forward.

First, we need to strengthen rules for developed countries in fulfilling their climate finance commitments. The climate justice community would like to see climate finance as mandatory payments rather than voluntary contributions. Uniform reporting must be adopted and information must be transparent and accessible. Climate finance and aid must be reported separately. There must also be consequences for non-fulfillment of commitments.

Second, non-public forms of climate finance must be reviewed for their consistency with human rights. This may be difficult to do with private finance, but market-based forms of finance sanctioned by the UN must be reviewed. This includes the CDM and the flexibility

mechanisms in the Kyoto Protocol in general. Only public climate finance should be counted as fulfillment of climate finance commitments.

Third, the climate finance architecture must be reformed towards less donor control and greater recipient country control. Donor countries must adopt a human rights based approach to programming and anchor their assistance on democratic country ownership of climate change and development strategies. In the medium to long term, these individual donor climate finance channels must be phased out in favour of more democratic funding arrangements such as through the UNFCCC. In future, we must envision poor countries and its constituents planning and spending external climate finance according to their defined needs and policies.

This is a broad agenda, requiring a new level of international cooperation and challenging the different communities: climate, development finance, human rights, and sustainable development. We sincerely hope that the international community gets its act together to ensure that climate financing delivers its mandate of financing for climate justice and for genuine development.

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