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Financing Climate Justice

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summary of demands and ethical criteria matrix

Climate finance transfers are part of the global North's ecological debt to the global South, which includes climate debt. Repayment of this debt must include financial transfers, but it should also incorporate the unconditional annulment of all illegitimate foreign debts; immediate and rapid emissions reductions in Annex I countries; and the global sharing of appropriate technology and knowledge, to enable developing countries to adopt low carbon societies and increase communities' resilience to climate change.

Friends of the Earth International (FoEI) recognizes that tackling climate change will involve dismantling the current corporate-driven political and economic model that drives climate change, global competition for energy resources and the degradation of the environment (which reduces human and ecological resilience to climate change). We cannot continue to favor a few rich elites over the impoverished majority, when that brings with it the unsustainable exploitation of natural heritage, the commodification of life, the privatization of public services, and the increasing control of production and trade by a few powerful transnational corporations.

Measures to address climate change have to be based on a fundamental transition to new, equitable and sustainable societies if they are to succeed. Climate finance should be used to create climate justice and foster people's sovereignty – communities' ability to manage their local resources sustainably, including energy, forests and water. It should also prioritize local technologies and knowledge, and empower Indigenous Peoples, women and other vulnerable populations.

Climate finance must also be consistent with existing international treaties and conventions, including those that ensure compliance with appropriate safeguards for Indigenous Peoples, women, displaced and other vulnerable communities; and those that mandate strategic environmental assessments. Particular care must be taken to ensure that climate finance is not used to fund mechanisms that could restrict Indigenous Peoples' and local communities' access to resources (as could happen under Reducing Emissions for Deforestation and Degradation (REDD), for example).

Developed countries cannot use fulfilling climate finance obligations to pre-determine the appropriate use of funds – these debates must be concluded in the UNFCCC with the full participation of civil society. Climate finance must also be free of conditionalities that might restrict Indigenous Peoples' or local communities' involvement in decision-making and the design and implementation of related activities, both nationally and internationally. At all stages the meaningful involvement of local communities, Indigenous Peoples, and women will be vital to the success of measures to mitigate and adapt to climate change.

Effective governance structures also need to allocate flows of climate finance in ways that protect Indigenous Peoples' and local communities' rights, cultures, lands, traditional practices and natural resources; ensure the Free Prior and Informed Consent of affected Indigenous Peoples and local communities; and establish the right to redress. Support must also be provided for workers and sectors of society involved in carbon-dependent industries, to ensure a just transition.

The provision of climate finance should be mandatory, and derive from stable and predictable public sources in climate debtor (global North) countries. It must also be new and in addition to existing Official Development Assistance obligations. It must be sufficient in scale to repay the climate debt and meet the mitigation, technology and adaptation needs of the global South; but it should not be raised through border tax adjustments on goods imported from the global South, or violate existing agreements under the UNFCCC. Domestic tax revenues and policies designed to raise climate finance in debtor countries must not burden poorer households unfairly.

Climate finance must come under the authority of the UNFCCC, not international financial institutions. Governments have already agreed that the UNFCCC, which is guided by multilaterally negotiated principles based on historical responsibility, is the main international framework for addressing climate change. It is also governed democratically.

Any executive board established to manage climate finance must be based on equitable representation consistent with the balance of representation of parties to the UNFCCC. Transparency and accountability mechanisms at the local, national, and international levels will also be essential to effective public scrutiny. A penalty system should be established to ensure fulfilment of all climate finance obligations.

Technical, financial and institutional 'false solutions' must be rejected; and climate finance should not be channelled through or support offsetting mechanisms, sectoral or otherwise, or institutions and private entities that finance and/or profit from the promotion of false solutions. These include the World Bank, regional financial institutions, and other public and private agencies with poor environmental and social track records and undemocratic governance structures.

Finally, climate finance should not be used to support the private acquisition of intellectual property rights for climate technologies and know-how; and any provisions in free trade and investment agreements that interfere with the establishment of adequate governance structures, or support corporations engaged in false solutions, should also be dismantled.

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	INTERNATIONAL EQUITY AND FULLFILLMENT OF UNFCCC OBLIGATIONS	ASSURANCE OF RIGHTS-BASED APPROACH, PEOPLES' SOVEREIGNTY, AND ENVIRONMENTAL INTEGRITY	REJECTION OF FALSE SOLUTIONS
	Must include the delivery of sufficient, new and additional finance based on historical responsibility and UNFCCC obligations, and be governed through democratic means.	To ensure consistency with existing international treaties and conventions, and consistency with the principle of peoples' sovereignty.	Covering technical, financial and institutional false solutions that have been generated on the basis of the current economic paradigm, which caused the climate crisis in the first place.
SOURCE OF FUNDS Where and how funds will be sourced, including responsibility for providing finance, consistency and sufficiency of funding	<i>Establishes</i> mandatory public financing from global North/Annex I countries (climate debtors). <i>Ensures</i> that domestic tax revenues and policies must not unfairly burden poorer households. <i>Rejects</i> funds raised through border tax adjustments on goods imported from the global South. <i>Ensures</i> finance is new and in addition to existing Official Development Assistance obligations. <i>Ensures</i> financial transfers are sufficient in scale to meet mitigation, technology and adaptation needs of the global South, including repayment of climate debt. <i>Ensures</i> sources of funds do not violate or bypass the Convention.	<i>Is free of</i> conditionalities imposed by donor countries, including those that restrict access of Indigenous Peoples or local communities to decision-making in relation to the allocation of resources, and the design and implementation of activities.	<i>Rejects</i> financing through offsetting mechanisms, including 'sectoral crediting' of the North's emission reduction obligations. <i>Rejects</i> funds from volatile and unpredictable sources. <i>Does not</i> create funds for or directed to false solutions, including large hydroelectricity plants, nuclear energy, carbon capture and storage, monoculture plantations, genetic engineering solutions, and agrofuels. <i>Deems</i> voluntary pledges insufficient. <i>Does not</i> divert obligations away from other commitments (eg Millennium Development Goals (MDGs), Monterrey Consensus.)
GOVERNANCE OF FUNDS Governance structures must be democratic, transparent and accountable in their administration to enable effective public scrutiny	<i>Is</i> under the authority of and fully accountable to the UNFCCC. <i>Ensures</i> equitable representation on executive board consistent with the balance of representation of Parties to the Convention. <i>Ensures</i> transparency and accountability mechanisms in place at the local, national and international level to enable effective public scrutiny. <i>Establishes</i> a penalty system to ensure fulfilment of all climate finance obligations. <i>Abolishes</i> any provisions in free trade and investment agreements, including WTO, that stop countries of the South establishing adequate governance structures for financing climate justice.	<i>Ensures</i> meaningful participation of local communities, Indigenous Peoples, and women, particularly in defining suitable activities, at all stages of the climate finance cycle. <i>Ensures</i> the respect and protection of Indigenous Peoples and local communities' rights, cultures, lands and natural resources. <i>Ensures</i> the Free, Prior and Informed Consent of affected Indigenous Peoples and local communities. <i>Includes</i> rights and facilitates redress for local communities and Indigenous Peoples. <i>Ensures</i> implementation and compliance with appropriate instruments and safeguards, including for Indigenous Peoples, women, displaced and other vulnerable communities, and with those instruments that mandate strategic environmental assessments.	<i>Rejects</i> intervention from institutions and private entities that finance false solutions. <i>Rejects</i> the involvement of the World Bank, international financial institutions, and others with poor environmental and social track records and undemocratic governance.
USE OF FUNDS The use of funds must strongly support the well-being of most vulnerable populations and reduce the power of transnational corporations in the global South	<i>Allocates</i> funds according to criteria that are equitable, rights-based, and respect peoples' sovereignty, with due regard for vulnerability. <i>Ensures</i> transparency and accountability at the national level, including public participation and scrutiny. <i>Ensures</i> consistency with the Convention.	<i>Identifies and respects</i> the protection of territories, traditional practices, natural resources, and rights of local communities and Indigenous Peoples. <i>Ensures</i> transparency and accountability at the national level, including public participation and scrutiny. <i>Prioritizes</i> local technologies and knowledge. <i>Promotes</i> local control, use and management of energy, forests, water etc, to ensure sustainable societies with a healthy environment, water, food, education, healthcare and sufficient energy for a dignified life. Enables the empowerment of women and other vulnerable populations. <i>Enables</i> effective implementation of Free Prior and Informed Consent, as determined by affected Indigenous Peoples and local communities. <i>Supports</i> workers and social sectors involved in carbon-dependent industries for a just transition to sustainable activities.	<i>Rejects</i> false solutions. <i>Excludes</i> any role for establishing, capacity building for, or otherwise supporting carbon offsetting mechanisms. <i>Rejects</i> loans as climate finance since they would increase illegitimate debt in the Global South. <i>Rejects</i> all payments for corporations engaged in false solutions, including repayment of opportunity costs as imposed through investment treaties. <i>Rejects</i> misuse of climate financing, including for REDD, which could manipulate and exacerbate inequitable conditions and structures, including by restricting access to resources, especially for Indigenous Peoples, local communities, and women. <i>Rejects</i> financing for intellectual property rights for climate technologies and know-how.