Civil Society Deliberates on International Climate Finance and MDB Reforms

Group Picture of participants from the CANSA-CANSEA Workshop

NEPAL, MARCH 12-14: Development Alternatives participated in the Climate Finance Capacity Building Workshop co-organised by the Climate Action Network South Asia (CANSA) and Climate Action Network South East Asia (CANSEA) from March 12 to 14, 2024 in Kathmandu, Nepal. The workshop brought together civil society, environmental journalists and other climate advocates from South Asia and South East Asia region for enhancing their understanding on the current status of the international climate financing, in special context to the historical responsibility of the developed countries for rising the global temperature and the gaps in financial assistance to the developing countries towards tackling climate change.

At the 15th Conference of the Parties (COP15) to the United Nations Framework Convention on Climate Change (UNFCCC), the developed countries committed to collectively mobilise USD 100 billion per year by 2020 for supporting climate action in the developing countries. A decade and a half later, the target is not only unmet, but the little that has been mobilised is far from the commitment and often overestimated. In 2020, for instance, the developed countries claimed to have contributed USD 83.3 billion for that year in climate financing. However, the actual value was estimated to be at most USD 24.5 billion since the majority of financial assistance provided by the developed countries was in the form of loans that had to be paid back by the developing countries.

In cognisance of it, at the 21st Conference of the Parties (COP21) in Paris, the target was extended to 2025 and a New Collective Quantified Goal (NCQG) was proposed to be set by the end of 2024. This was to continue as a Post-2025 commitment by the developed countries, taking into account the enhanced needs for climate financing by the developing ones. Now in the 29th Conference of the Parties (COP29) scheduled to be held in Baku, Azerbaijan in November, 2024, the target is expected to be discussed and finalised. In this context, the international climate advocacy networks like CANSA, supported by civil society organisations from Global South, are advocating for an increased financial commitments as well as fair distribution of that amongst the developing countries in a way that the vulnerabilities of women, youth and other marginalised groups are taken into cognisance and suitable action initiated. Through building capacities of the CSOs and other aligned actors, this three day workshop aimed at driving a collective advocacy plan, leading to a joint representation at a side-event at COP29.

The first day of the workshop decoded climate financing and the international climate negotiations for the participants. The discussions spanned from geopolitical contexts to information on Loss and Damage Fund, and significance of transparency and quality of public financing for climate action. The issue of debt/loan as a financing instrument was deliberated by the participants through case examples, including of a Debt for Swap instrument implemented in Belize in 2021.

On the second day of the workshop, the international financial mechanisms were unfolded. Means of accessing financing for the World Bank, the Asian Development Bank and bilaterally through other countries comprised most of the discussion, followed by a precursor on advocacy strategy adopted by the Climate Action Network International (CANI) for reforming the climate financing architecture. The discussion focused on the need for structural reforms in the Multilateral Development Banks (MDBs) and International Financial Institutions (IFIs) to make them agile for addressing the impending polycrisis, especially by supporting the Least Developed Countries (LDCs) and Small Island Developing States (SIDS). The vulnerabilities of the LDCs and SIDS, which are majorly based in the Global South, could benefit from such reforms towards building resilience to climate and economic disruptions and risks.

Learnings from the first two days culminated in the form of group presentations on the third day of the workshop. The major takeaway from each presentation was the need to redefining climate finance, especially with the newly recognised loss and damage in the picture. The importance of a locally-led, transparent and effective climate financing was evident throughout the discussions. In terms of private financing, regulatory provisions that earmark a share of Corporate Social Responsibility (CSR) corpus for climate action, the issue with ESG and the need for mechanisms in lines of "making polluters pay" were some other ideas that came through in the session.

The network will build upon this workshop through continued engagements with civil society and other climate actors for charting out a collective strategy for South Asia towards reforming international climate financing, particularly MDBs and IFIs.