ECO

FINANCE CLIMATE ACTION, NOT GENOCIDE

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Diplomats ditch the script at COP29: Is it a joke?

When diplomats drop the velvet gloves of decorum, you know things are about to get serious. At Climate Action Network International's press conference on Wednesday, three negotiators from developing countries shattered the usual diplomatic script in a moment that left the packed audience reeling.

The room was already buzzing with tension after a 20 minute wait for the panelists. Through their set pieces, they chimed with each other on the 1.3 trillion, and the need to stick to the obligations of the Paris Agreement - each building on the frankness of the previous, until the place was like a thundercloud ready to burst.

Then everything broke with the first question. A journalist asked about a $200 billion climate finance target under the New Collective Quantified Goal (NCQG).

The response was swift, sharp, and unforgettable. The three men glanced at each other as if plotting a surprise - think the Three Tenors gearing up for one of their moments of musical mischief.

"Is it a joke?" Diego Pacheco of Bolivia, speaking for the Like-Minded Developing Countries (LMDC), said sardonically, the words slipping out like Sigmund Freud diagnosing a pathology. His remark landed like the first drop of rain on parched throats after years of drought.

"Is it a joke?" echoed Adonia Ayebare of Uganda, representing the G77 and China, a mischievous gleam in his eye.

Ali Mohamed of Kenya, representing the African Group of Negotiators (AGN), leaned in for the final act: "I don't know where you're getting $200 billion from, but joke or not, it's nowhere near enough. The Adaptation Gap Report alone says the adaptation needs are $400 billion. So when you mention $200 billion to cover *everything*? It's a very big joke indeed!"

The room erupted - not just in laughter, but in the kind of catharsis that comes when truth finally breaches a dam of doublespeak.

For years, developing nations have been asked to "play even-handedly" in a system rigged against them. The NCQG, supposedly replacing the outdated $100 billion goal, was their chance to get what they'd been promised. Instead, the Global South got crumbs - and enough gaslighting to power a COP venue.

The message couldn't be clearer: developing nations are done being talked down to. They're done with handouts, and hollow promises. Whether the old guard likes it or not, the Global South is taking back the power - and taking off the gloves.

Setting the human rights record straight: let's talk finance

Human rights obligations are key to effective, people-supported climate action and they are not cherries to be picked. Human rights are about inclusion and participation, gender equality, peacebuilding, child- and disability-inclusive approaches, respect for Indigenous Peoples' rights, and labor rights in the Just Transition. ECO loves the sound of countries calling for these important matters in a variety of rooms.

Backtracking happening across the board – from the adaptation to the gender room – is disturbing that sound. All too often, human rights and gender guarantees are used as a bargaining chip, disappearing from text agreed upon behind closed doors (talking about human rights…) while they should be strengthened and expanded. ECO calls on Parties in those rooms to stand strong and hold the line.

But let us be clear: human rights are also – and importantly – about finance. States have human rights obligations to cooperate to realize and fulfill human rights globally, including through the provision of finance. You don't just have to rely on ECO's word, UN human rights authorities - made up of experts that governments themselves elected to interpret human rights treaties to which they committed - have repeatedly highlighted these obligations in the context of the climate crisis. Human rights-based climate finance means: qualitative finance at the scale of needs to uphold the human rights of those on the frontlines of the climate crisis.

Oh and there is one more thing – countries in debt crisis, guess what? They cannot provide the public services needed to uphold human rights and implement just policies to fight the climate crisis. So, for Parties really wanting to make sure climate action meets human rights obligations – ECO has one key piece of advice: commit to public, grants-based climate finance. Lots of it. 200 billion is a quantum that fails to meet the requirements of international human rights law.

Think trillions not billions! And yes, that means also for loss and damage.

You can't have all the fun and expect the rest of the world to pay for it

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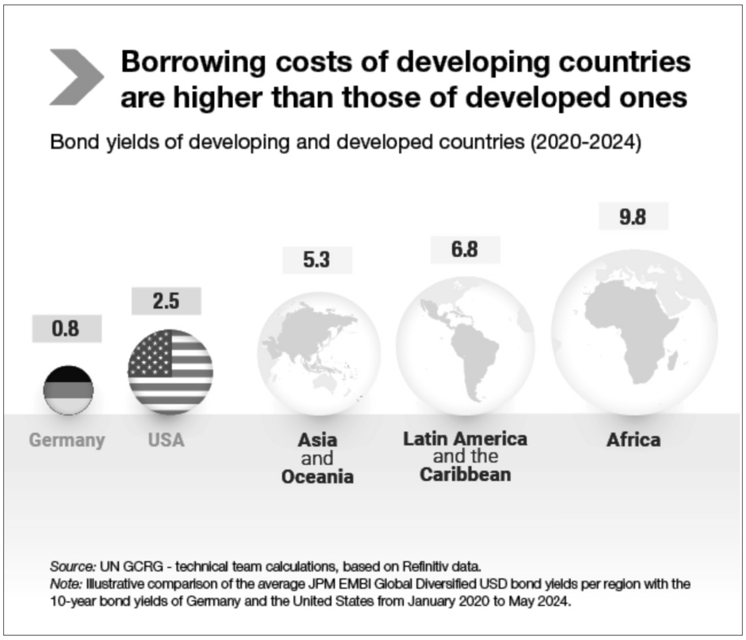

The Global North crashed the world's party, spilled drinks everywhere, broke all the furniture, and left us the Global South with their mess. Then, to top it off, they handed them a cleaning bill and said, "Oh, and if you can't pay, we'll lend you money — with interest."

Decades later, that bill is still growing. The Global South is currently saddled with an eye watering US$29 trillion in public debt. Since 2010, the rate of accumulation for developing countries has been twice that of developed countries and with terms that are way more disadvantageous – practically locking the Global South into an inescapable debt trap. Borrowing costs, for example, in Africa stand at more than 12 times the cost of borrowing in Germany! The result has been an enormous $440 billion spent yearly on debt service payments in low and middle income countries. Money that could otherwise be used to finance a just transition.

So they're not just stuck cleaning up their disaster—they are going broke doing it. And while they're drowning in debt, Global North is telling us to pay for our own mitigation to prevent a disastrous future.

Here's where the bill stands today:

- $1-1.5 trillion per year in grant-equivalent climate finance, which includes:
  - $387 billion per year in adaptation costs to clean up the climate mess.
  - $450-900 billion per year by 2030 for loss and damage, such as grandma's vase, under a 2°C pathway (which we're not on track to meet either).
  - $300 billion per year in mitigation to prevent future messes.
- $440 billion per year in debt service payments.

That's $1.4-1.9 trillion per year.

Meanwhile, the Global North is off at their own party, eating dessert, refusing to chip in for the damage they caused, while throwing more trash at us.

Here's the kicker: the Global North could stop the chaos and avoid future costs. Spending $6 trillion now on mitigation to meet the 1.5°C goal would save everyone from a much bigger disaster, specifically, $38 trillion by 2030 in loss and damage.

Instead, ECO has heard that they are offering:

- An updated climate finance goal of $200-300 billion per year by 2035, which is no better than the old goal of $100 billion set in 2009 when you consider inflation. But much of this is loan-based finance that would pile on more debt.

So what the Global North offers is not even enough to cover our current debt, let alone additional climate impacts.

And yet, the Global North can afford it. The fossil fuel industry receives $1.7 trillion per year in direct subsidies and $7 trillion per year indirectly. A wealth tax on billionaires could raise $250 billion per year. $500-600 billion per year of tax revenue disappears into tax havens. All of these are more than enough to start cleaning up the mess they made with grants-based finance– and prevent future disasters.

Loss & Damage searching for its identity at COP29

After fighting for decades for its identity, Loss and Damage (L&D) found hope in the Paris Agreement. The Agreement included a dedicated article on L&D establishing it as the third pillar of climate action. It recognised the importance of averting, minimising, and addressing loss and damage, both economic and non-economic; And Parties are to enhance understanding, action, and support with respect to it.

L&D was so happy to finally come out from under adaptation's shadow! Though both have some elements in common, they aren't the same and rightly, L&D demands to be treated as a separate climate action pillar. This requires both technical and financial assistance of its own. The decision in 2019 to establish the Santiago network and in 2022 to set up a dedicated Fund to address L&D gave additional boosts to this unique identity.

Who would have known that L&D would have to deal with an identity crisis once again. At COP29 in Baku, the line between adaptation and L&D has once again been blurred. In the NCQG draft text L&D is discussed not as a separate climate action pillar, but within adaptation. ECO wishes to remind everyone that L&D is the consequence of mitigation and adaptation inaction. It kicks in when the impacts of climate change go beyond adaptation limits. Sigh!

How did L&D's identity get lost in the process!

Now, the questions remain:

- Will L&D find its individual identity in the NCQG text?
- Will parties do justice to L&D by treating it a sub goal in the NCQG?
- Will parties make sure that the L&D impacted communities' needs of recovery, reconstruction and rehabilitation are respected and acted upon in the NCQG?

With only two days left at COP29, these questions need answers as soon as possible because marginalised communities in low income countries experiencing the worst losses and damages cannot wait any longer.

Repeat after me: Voluntary Carbon Markets are NOT climate finance

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We have seen 3 versions of the NCQG text by now, and ECO can't believe its eyes. It is still right there, in paragraph 93, voluntary carbon markets (VCMs) are included as "innovative sources of finance". Are parties serious about this gamble?

ECO's feelings on the matter have clearly fallen on deaf ears, but have Parties also missed the Nature article published last week which found that less than 16% of the carbon credits issued constitute real emission reductions? The study concluded that carbon crediting mechanisms need to be fundamentally reformed to have any semblance of a claim on meaningfully contributing to climate mitigation.

But that's only the most recent in a long line of stories. The Science Based Targets Initiative (SBTi) also came to similar conclusions earlier this year, finding that "various types of carbon credits are ineffective in delivering their intended mitigation outcomes." And that "the evidence suggests that there could be clear risks to corporate use of carbon credits for the purpose of offsetting, with the potential unintended effect of hindering the net-zero transformation and/or reducing climate finance."

Yeah, you heard that right, carbon offsets might **reduce** climate finance!

ECO also knows that the majority of these projects are lining the pockets of carbon cowboys in the wild west of carbon markets, not those of frontline communities.

Carbon offset deals have become so concerning that the UN Special Rapporteur on the Rights of Indigenous Peoples recently called for a moratorium to stop human rights violations resulting from these projects.

So why do people keep touting international voluntary carbon markets as a solution or a source for billions of climate finance dollars?

ECO worries that Parties have been duped by taking the International Emissions Trading Association's (IETA) figures on how much countries can save on their NDCs through carbon markets a tad too seriously. ECO remembers IETA, that cozy club of high emitting businesses. Back in the old days in 2019 these guys pushed like crazy to get carbon markets into the Paris Agreement. Back then, at an IETA side-event, a Shell representative proudly said: "We can take some credit for the fact that Article 6 is even there at all".

Unfortunately, the reality of the IETA picture is less than rosy. Basically, most benefits go no further than the pockets of polluters who are looking for a cheap way out so they can keep on pumping, drilling, and emitting.

This seems like a gift to those wanting to continue with disastrous emissions.So what's that got to do with Climate Finance? Nothing but a clever trick. ECO does not share your excitement, it sees through the trickery. We need real climate finance! Stop looking for a way out and Pay Up!

Adaptation loans: Helping the poor… into more debt

Pop quiz: How much of the $28 billion in global adaptation finance do you think the World Bank covers? 43%, or $12 billion in 2022 sounds great, right? Except this money comes with a catch: poor countries have to pay these "helpful" loans back — with interest rates. Because nothing says "climate justice" like charging the vulnerable extra for surviving a climate crisis they didn't create.

CARE's deep dive into ten World Bank adaptation projects uncovered the not-so-small print: six of these loans, taken under the World Bank's IBRD non-concessional flexible terms, are now facing an increase of 35% in repayments since loan agreements in 2021. Why? Because global interest rates shot up faster than a fossil fuel lobbyist's blood pressure at a climate summit. After ten years of near-zero interest rates, the US Federal Reserve's climb to 5% in response to inflation has turned these loans into ticking debt bombs.

The ripple effects are as predictable as they are devastating. Rising debt costs are forcing borrower countries to divert critical funds from healthcare, education, and social services to cover repayment obligations. A recent World Bank report highlights that the 26 poorest countries are now more indebted than at any time since 2006. Add an almost-empty Loss and Damage Fund to the mix, and you've got the perfect recipe for a climate disaster spiral.

Adaptation finance relying on loans rather than grants risks locking low-income countries into cycles of debt, hindering their ability to invest in resilience against climate impacts. Therefore, adaptation loans aren't so much a helping hand as a financial millstone. The upcoming NCQG should restrict the use of debt-generating instruments for adaptation finance, particularly for poorer and vulnerable nations.

Sure, LDC countries can take loans in the World Bank's concessional window (IDA) with interest rates fixed closer to zero. But even then ECO has overheard representatives indignantly note, "We still have to pay them back!" And how, exactly, do communities in Uganda or Nepal generate profits from the management of water and flood prevention? ECO can confirm: there's no business case for staying alive in the places least responsible for climate change. The NCQG should have subgoals for financing adaptation and loss and damage finance, particularly grants for LDCs and vulnerable nations.

Oh, and regarding transparency, let's make it mandatory for the World Bank and other MDBs to report grant equivalents as per OECD standards for bilateral assistance. Better yet, include updates to reflect those pesky changing interest rates.

ECO calls on COP29 negotiators to champion a new approach to climate adaptation finance — one that doesn't equate adaptation and resilience with decades of debt for poor countries. We need an ambitious sub-goal on public and grant-based resources for adaptation and resilience because survival shouldn't come with a repayment plan.

Show me the money

Remember Dubai's fossil fuel transition agreement that is so essential to avoid climate breakdown? There's just one detail missing: Who's paying for it? And no, private finance isn't the answer.

At COP29, rich countries face a moment of truth. They committed to move away from fossil fuels - now it's time to fund it with public money, not more empty promises about private investment. The New Collective Quantified Goal (NCQG) isn't just another acronym. It's the difference between empty promises and real climate action.

Let's be clear: The public money exists. Rich countries can mobilize well over $5 trillion annually by ending fossil fuel handouts, taxing the super rich, and reforming unfair financial rules. What's missing isn't cash - it's political courage to stop pushing failed private sector solutions.

For COP29 to succeed, we need an NCQG of at least $1 trillion annually in public grants to address climate impacts and pay for a just transition - and not more debt or risky private finance schemes that have consistently failed to deliver. Already, 93% of climate-vulnerable countries are in or at risk of debt distress because of over-reliance on private investment.

This isn't charity - it's responsibility. Many rich nations built their wealth by burning the fossil fuels that are wrecking the climate and putting lives on the line. They must move first and fastest with public funding, not more empty promises about mobilizing private capital. Without real finance, next year's National Climate Plans will be wish lists rather than roadmaps. Countries can't plan a fossil fuel phase-out on empty promises.

Remember: No public money, no transition.

Who's afraid of forest degradation?: A restaging of a classic story of inequitable global forest action and finance

Act I

Scene 1: In the year of 2023, in a city called Dubai, 193 countries coalesce around the need to halt and reverse deforestation and forest degradation by 2030 and align biodiversity and climate outcomes in order to save their world from climate disaster. In their agreement, the first Global Stocktake (GST), they speak with one voice, charting a global vision that is ambitious, but essential.

Scene 2: Then comes the hard part: working together to deliver on the commitment, through action and finance. The wealthier Global North countries have always held themselves above standards applied to the Global South. While "deforestation," conveniently for the Northern countries, has been defined to apply only to forest conversion—and a clearcut forest, in the world's parlance, is still, bafflingly, deemed a forest—the inclusion of "forest degradation" in the GST captures broader impacts. It's time for them all to get to work.

Scene 3: Instead, myths from the Global North continue. The EU, which has been a champion of climate-nature synergies, is now at risk of backpedaling on the EU Deforestation Regulation (EUDR), considering a "no risk" category that would create a carveout for European countries, placing the burden once again solely on tropical countries. The wealthiest countries, at the same time, fail to deliver the necessary finance. Without equity, the future of the GST remains in jeopardy.

Act II

Scene 1: In the year of 2024, in a city called Baku, countries have a chance to set the stage for success. They can emphasize equity — in finance, and in forest protection standards. They can set heightened expectations for countries, North and South, to report on deforestation and forest degradation in their NDCs. They can work to fix carbon accounting practices that have long hidden the true cost of industry's impact on forest carbon stores. They can foster synergies between biodiversity and climate action, building it into the next GST. They can provide long-overdue finance, particularly for Indigenous Peoples and Local Communities, smallholder farmers, and for solutions like agroecology.

Scene 2: African Nations also offer a solution: a framework for equitable accountability. Through a Global Forest Equity Framework (GFEF), establishing equitable definitions and standards, shared expectations for monitoring, and common norms for reporting and transparency, countries can work together, as true partners, to deliver on the GST.

Scene 3: The stakes in Baku are high, setting the tone – and the resources – for what will be possible in the year of 2025, in the city of Belém. Nature and Biodiversity Day, on the penultimate day of the COP, provides an opportunity for countries to set the conditions for ensuring equitable, robust accountability for delivering the 2030 forest targets. Whether this play ends as tragedy or hero's tale… time will tell. You, perhaps, can play a starring role.

Beware of private finance for adaptation

- **Creates burdens such as debt through loans!**
- **Adaptation is about needs not profits!**
- **Adaptation is a public good, not a business case!**
- **They are not accountable to UNFCCC and the Paris Agreement!**