DEFINITION AND CONSIDERATIONS FOR CLIMATE FINANCE

Submitted as: Pan African Climate Justice Alliance (PACJA)

To: The Standing Committee on Finance

Introduction

This definition and proposal for consideration is a synthesis of views generated and collaborate from a number of regional forums that the Pan-African Climate and Environmental Justice Alliance (PACJA) has convened this year. PACJA convened four important platforms to further dialogue on issues of climate finance with more than 350 civil society representatives (joined by representatives from government, the private sector, and the academia) from throughout Africa in series of meetings in:- Cairo, Egypt on 16th, 17th and 18th December 2021; in Addis Ababa, Ethiopia on the side-lines of the 35th African Union Summit on 4th and 5th February 2022: in Rwanda from 1st to 5th March 2022 during the 8th African Regional Forum on Sustainable Development (ARFSD) and in Lilongwe, Malawi from 25-29th for a an African Civil Society Conference on framing Loss and Damage and climate finance.

Considerations for definition of climate finance

It is true, we all have to "clean the climate mess," but in doing so, we should not forget who created the mess and continued to do so, who benefited from the mess and continued to do so, who can stop the mess and has the capacity to do so. This is what the Principle of Common but Differentiated Responsibility according to Respective Capabilities (CBDR), which is a cornerstone of the Framework Convention on Climate Change. Considering the Intergovernmental Panel on Climate Change 6th Assessment report, the impacts of climate change are already there and are increasing on a daily basis – Africa being the most affected. Bearing all of these in mind, our key priorities here should be, (but not limited to) the following:

Means of Implementation (Finance): The Paris agreement is very clear about who should provide the money, for whom and for what purposes. Article 9 paragraphs 1 and 2 states that:

1. *Developed country Parties shall provide financial resources to assist developing country Parties for both mitigation and adaptation in continuation of their existing obligations under the Convention.*
2. *Other Parties are encouraged to provide or continue to provide such support voluntarily.*

As long as everyone has to put their hands-on deck to stop and clean the climate mess, money is needed, and therefore developed countries are obliged to provide the money for developing countries to do so. Other parties (non-developed countries) are encouraged (not obliged) to provide or (for those who have already been doing so) continue to provide such support voluntarily.

The provision of this money should be anchored on the felt needs (not quick fixing) of developing countries. For this reason, Article 9.3 states that :(*As part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting* *country-driven strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts.)*

What therefore are the felt needs and priorities of developing countries? In general, the priority needs of developing countries, especially Africa, are adapting to the present and future impacts of climate change, poverty eradication, sustainable development, mitigation and finally fixing the loss and damage crisis. It means developed countries should provide money mostly in form grants, not loans to help them cope with the impacts of climate change that they never caused in the first place.

Grants, not loans because *"you cannot set fire on someone's house and sell them the fire extinguisher or worst still, loan them money to rebuild it."* Article 9.4 provides that: *"The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation."*

In terms of its quality attributes, this money should be predictable both in quantity and quality. In quantity, because we need to know how much is available to plan. The past decades have shown us that "political feel-good announcements" that developed countries make on stage each time we have a big meeting have not helped. We have heard this so many a time! We have had experiences where developed countries turn around and baptize anything as climate finance. Attempts to count activities such as efforts to stop illegal immigration from Africa to Europe and space research as climate finance are just a few of them.

Predictability, therefore, remains key and for that reason the 5th paragraph of Article 9 provides that "*Developed country Parties shall biennially communicate indicative quantitative and qualitative information related to paragraphs 1 and 3 of this Article, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis.*"

In providing this financial support to developing countries, developed countries have to show utmost transparency by providing timely and useful information about it. Article 9.7 provides thus : *"Developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially in accordance with the modalities, procedures and guidelines to be adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement, at its first session, as stipulated in Article 13, paragraph 13. Other Parties are encouraged to do so."*

We believe that, when Africa insists on finance, she is doing so as a matter of right and the developed countries should understand that they have an obligation towards developing countries in general and Africa in particular, so that they are able to clear the climate mess, eradicate poverty and adapt to climate change impacts, both those that are already here and those that will come in the future. Unfortunately, this is not what we see here.

Finally, the unprecedent wave of climate change triggered disasters in the African continent creates a deep sense of urgency to operationalize a distinct, independent and additional Climate Financing mechanism focusing on Loss and Damage, hence the third pillar of Climate Finance being Loss and Damage Facility for financing Response for Loss and Damage.