

IT IS A MATTER OF JUSTICE THAT THE WORLD'S POOREST PEOPLE RECEIVE THE RESOURCES THEY NEED TO ADAPT AND BECOME MORE RESILIENT

POLICY BRIEF
CLIMATE CHANGE FINANCE

ACT ALLIANCE **ASKS GOVERNMENTS TO**

- 1 ADOPT A WORK PROGRAMME TO SCALE UP CLIMATE FINANCE TO US \$100BN A YEAR** by 2020, predominantly from public finance.
- 2 ENSURE THE POOR WILL NOT PAY FOR CLIMATE CHANGE** Climate finance should be new, adequate, predictable and additional to Overseas Development Assistance.
- 3 PRIORITISE ADAPTATION FINANCE FOR THE MOST VULNERABLE DEVELOPING COUNTRIES** and, within them, to those with fewer resources and capabilities to withstand the effects of climate change. Adaptation to climate change should get financial support equal to that of mitigation efforts.
- 4 BASE CLIMATE FINANCE ON PRINCIPLES OF OWNERSHIP, TRANSPARENCY AND ACCOUNTABILITY** with a particular emphasis on the adequate participation of developing countries and the scrutiny of institutions such as civil society organisations.
- 5 GET THE GREEN CLIMATE FUND UP AND RUNNING** as the major repository for long-term global finance, with a governance structure that is transparent and regionally balanced, and with the COP deciding policies, programme priorities and eligibility criteria.
- 6 GIVE GUIDANCE ON HOW THE AVIATION AND SHIPPING SECTORS SHOULD CONTRIBUTE TO CLIMATE FINANCE AND CUT THEIR CARBON EMISSIONS** The guidance to the International Civil Aviation Organisation and the International Maritime Organisation should include the principle of common but differentiated responsibilities, and ensure that funds are channelled through the Green Climate Fund.

WITHOUT FINANCE **THE POOR CANNOT** **SURVIVE CLIMATE** **CHANGE**

Governments must provide adequate finance for adaptation and mitigation measures. >>

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About ACT Alliance

ACT Alliance is a global coalition of 125 churches and related organisations united by a single vision: justice for the world's poor. Every day, the coalition's 33,000 staff and volunteers work together in 140 countries to deliver emergency relief, implement development programmes, and support people's fight for their rights.

ACT Alliance Secretariat

150 Route de Ferney
PO Box 2100
1211 Geneva 2, Switzerland

www.actalliance.org

Contact

Isaiah Kipyegon Toroitich
ACT Climate Change Policy and Advocacy Officer
+41 22 791 62 45
Isaiah.Toroitich@actalliance.org

www.actalliance.org/climate

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LONG-TERM FINANCE IS URGENTLY NEEDED FOR THOSE WHO SUFFER THE IMPACTS OF CLIMATE CHANGE MOST

CLIMATE CHANGE IS A DOUBLE BURDEN FOR THE WORLD'S POOR

Every country in the world must invest considerable funds in tackling the huge global problem of climate change. For developing countries, which bear limited historical responsibility for causing climate change, these costs will come on top of the money needed to protect the human rights of their citizens, reduce poverty and achieve the United Nations Millennium Development Goals. When a disaster strikes, a country doesn't have a choice but to respond – with the result that climate-related emergencies often leave developing countries short of funds to spend on crucial development work in areas such as healthcare or education.

For poor people in developing countries, adjusting to a changing climate, preparing for disasters and increasing their level of resilience entail costs that are largely beyond their reach. For those whose daily lives revolve around finding the means to survive, a more long-term perspective is unrealistic and unaffordable. They need financial support now.

ACT ALLIANCE'S PRIORITIES FOR FINANCE

1 DEVELOPED COUNTRIES MUST COME UP WITH THE MONEY NEEDED

Developed countries must provide funds to finance adaptation, disaster risk reduction and mitigation programmes that are adequate, predictable, new and additional to Official Development Assistance (ODA) allocations. Delegates at the 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change (UNFCCC) must agree on a work plan to fulfill the commitment made at the Cancún COP16 summit to raise US \$100bn a year by 2020. Developed countries bear the historical responsibility for causing climate change. They have agreed to mobilise climate finance and assist developing countries with both mitigation – so that they can follow sustainable development paths with low emissions – and adaptation – so that they can not only cope, but also develop, in a world beset with climatic risks.

It should be acknowledged that even US \$100bn a year won't be enough to respond to the existing need for both adaptation and mitigation, and that without ambitious mitigation actions the demand for adaptation funds will increase rapidly.

2 THE POOR SHOULD NOT PAY FOR CLIMATE CHANGE

It is worrying to note that many countries are drawing their 'fast-start' climate finance from their ODA budgets. This is counter-productive, because it diminishes the resources available to support the development priorities of many countries.

In some cases, fast-start finance has been given in the form of loans. This is unfair as it places extra costs, in the form of interest, on developing countries that are attempting to combat a problem that is not of their making. Climate finance should be new and additional to ODA – and not deducted from other funds intended for poverty reduction.

3 PRIORITISE THOSE COUNTRIES WITH THE FEWEST CAPABILITIES TO FACE THE EFFECTS OF CLIMATE CHANGE

The priority should be to direct climate finance to developing countries and, within them, to those with fewest resources and capabilities to face the effects of climate change. Poor people require financial support to build their resilience and adapt. The COP16 meeting in Cancún in 2010 agreed that a balance should be struck between adaptation and mitigation. This important agreement must now be integrated into climate finance. Given that many of the hazards of climate change are already impossible to stop, it is a matter of justice that sufficient attention and resources are made available to enable the world's poorest people to adapt and become more resilient.

4 ESTABLISH OWNERSHIP, TRANSPARENCY AND ACCOUNTABILITY AS GOVERNING PRINCIPLES

The governance and focus of climate finance do not currently bear scrutiny, according to internationally recognised principles of justice and transparency. In the field of development cooperation, much has been done in recent years to learn lessons and improve the way programmes are implemented. The funds governing climate finance must base their decision-making and implementation on principles of transparency, participation, accountability and sustainability. Special attention must be given to ensuring that the people affected by climate change can fully participate in decisions on finance. Procedures for making decisions, defining priorities, planning programmes and implementing them must be participatory and transparent. The role of civil society organisations is important in this respect. Given their unique work in community development and development policy at all levels, they should be given the opportunity to apply for funds.

5 ESTABLISH AND FINANCE THE GREEN CLIMATE FUND

The Green Climate Fund established by the COP16 in 2010 needs to be operationalised at the COP17 in Durban. The fund must channel the vast majority of long-term finance, and should have a transparent governance structure, in which the COP decides policies, programme priorities and eligibility criteria. The COP17 should take concrete steps, building on the work of the Transitional Committee, to ensure that the Green Climate Fund can soon begin to channel support for adaptation and mitigation actions in developing countries.

6 PRIVATE AND INNOVATIVE SOURCES OF FINANCE FOR LONG-TERM NEEDS

Since it is unlikely that public funds will be adequate for long-term climate financial needs, more money will have to be mobilised, using innovative financial instruments where appropriate. It is important to agree on the introduction of such instruments immediately. Possible mechanisms include the International Financial Transaction Tax and the Aviation and Maritime Emission Tax, also known as 'bunkers', which offer important sources of funds.

Private money should only be considered for climate finance if it can be used for agreed policy priorities, with safeguards in place to ensure the rights and needs of poor and vulnerable people are upheld.

NEW MONEY IS NEEDED NOW TO FINANCE ADAPTATION, DISASTER RISK REDUCTION AND MITIGATION PROGRAMMES