

Climate finance: The Gordian Knot in the puzzle

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Climate finance is the most crucial issue in the climate negotiations. The basic principles of climate finance, such as 'new and additional,' 'adequate,' 'predictable,' etc. are agreed upon by the Parties. But these principles are far from being operational. Basically, there

are three aspects to this issue: a) supply side, b) demand side and c) governance of finance, which combines the two.

The supply side relates to sources of mobilisation and the amount needed to address both mitigation and adaptation. The World Bank has estimated that: "In developing countries mitigation could cost

\$140 to \$175 billion a year over the next 20 years (with associated financing needs of \$265 to \$565 billion)." For adaptation, the Bank estimates the costs to developing countries at \$75 billion to \$100 billion a year. Few other studies argue that these are underestimates, as the Bank did not consider all sectors and losses from extreme

weather events. The money disbursed so far is wholly inadequate.

Reports suggest that the majority of \$30 billion fast-start-finance is repackaged money from overseas development aid, simply relabeled as climate finance. This is the reason Bangladesh has proposed to establish a system of finance registry under the United Nations Framework Convention on Climate Change (UNFCCC) with transparency and accountability in tracking the donor pledges and their delivery.

In any case, the industrial countries have pledged to mobilize \$100 billion as long-term finance by 2020. In the Panama discussions, annex 1 countries (A1Cs) were extremely reluctant to discuss sources of long term finance, or the initial capitalisation of the Green Climate Fund. But under pressure from the non-annex 1 countries (NA1Cs), some countries, such as the EU, Australia, and a few others have made submissions regarding this. The US is against discussing sources at the UNFCCC meetings. Similarly the BASIC countries', recent meeting (31 October 01 November 2011) failed to mention any sources of financing for the Green Climate Fund.

On the demand side, Bangladesh has proposed that a vulnerability index be developed, so that the limited resources can be distributed equitably among the vulnerable countries on a priority basis. There are few existing models that assess national vulnerability, in all of which Bangladesh has been characterised as one of the most vulnerable countries (MVCs). At present there is much controversy surrounding the development of these indicators within the negotiating block known as the G77+China. Bangladesh insists that equal allo-



The impact lingers under capacity constraint

cations, as in the case of budget for least developed countries (LDC) NAPA preparation, irrespective of the size of population or land area of a country, cannot be considered fair! The UNFCCC NAPA Guideline puts at the top the criteria loss of lives and livelihoods for selection of NAPA projects. It may be recalled that the very first principle of the Rio Declaration stipulates putting people at the center of all development activities.

Governance of finance in Bangladesh is checked by it being a member of the 40-member Transitional Committee (TC), which operates the newly established Green Climate Fund (GCF). But four meetings of the TC have not led to an agreed design document, mainly because of the US and Saudi Arabia's opposition. The experience shows that it took 6-8 years to streamline the climate regime funds. So, there was serious apprehension that the new GCF may drag the negotiations again for years

without delivery of 'adequate, predictable, new and additional finance,' as stipulated in the Cancun Agreements. Besides, experience shows that absolutely little amount of climate finance is channeled through the three climate regime funds. So, the question is: where is the tradeoff between a democratically-governed financial mechanism with peanuts, and the donor-driven funds with huge money? The impacted communities don't differentiate between money coming from varied sources!

It must be stressed that international funding for adaptation is not charity, but is based on moral and ethical obligations grounded in justice principles. The ideas of compensatory justice in view of the threat of climate change being a human and global security issue are grounded on the notion of harm and violation of development rights of impacted peoples due to climate change.

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Bangladesh suffers more of natural disasters under climate change impact

CLIMATE CHANGE MITIGATION AND ADAPTATION

Act locally and push globally

We need now a combination of both top-down and bottom-up approach to have a realistic chance for us to sustain this combat against climate change. A top-down approach will ensure release of climate fund from the developed countries...

SAEED AHMED SIDDIQUEE AND SHAMMUNUL ISLAM

Bangladesh which has been made of billions of tons alluvial soil from Himalaya on Indo-Gangetic lowland is now faced with the fallout from climate change and natural disasters induced from it. The gravity of the problem is so high that it calls for action from our part in a synchronised way without any more dillydallying. With our disaster prone geography coupled with low economic strength, inadequate infrastructure, low level of social development, lack of institutional capacity, and higher dependency on natural resource base, we are increasingly being left at the mercy of nature.

From the middle of 1800 AD, average temperature of today's world has already increased by 0.6°C. In the last century, average temperature of earth has increased by 1.5°C to 4.5°C leading to melting of polar ice and thus rising of sea level. This is a real alarming situation for Bangladesh as 75% of Bangladesh's land area is less than 10 meters above the sea level and much of it not more than one meter. A temperature above 32 degree Celsius will decrease prawn production. At the same time, at the very opposite end, there is also possibility of reduced temperature in the winter. This can greatly affect our food security as temperature going below 18 degree Celsius will decrease rice production.

One major factor which was behind the world's optimal temperature is now behind the very destruction of it -- greenhouse gas. It is estimated that greenhouse gas keeps global temperature up by 15 degree Celsius in absence of which

the world could have been freed. But as a result of mind-boggling behavior of people in pursuit of modernisation and industrialisation, this natural boon has turned into bane for this globe's habitants.

It has been forecast that if there is 1 meter rise in sea level, then there will be permanent water logging in 17% area of southern Bangladesh and 13 million peoples will be displaced. This will result into 8% decrease in rice production and 32% decrease in wheat production. These are forecasts and in no way can give us a comfort in mind as the devastating effect of climate change has already set in. When 13 million of the population of Bangladesh are already affected by climate change and when in many southern areas of Bangladesh, many people rendered homeless from Aila effect are roaming around, the thought that the climate change issue is a matter of concern for the next generation is a real one and calls for immediate action on our part.

According to IPCC, Bangladesh is under A2 story line which comprises heterogenous world, self reliance in local identities, slow fertility pattern, continuous increasing population and slow capita income. This poses a great threat to our community as all of these provide a great recipe for the climate change and its induced natural disasters to have an increasing debilitating affect on us.

Now this has got a global recognition and after 1990 there have been a huge effort from both developed and developing countries in reducing this man-made menace. Many words have been said, many pledges made, many promises are broken and many dreams in the

minds being made to die down soon. So do we really have a chance to come up with a concrete result or concrete steps towards changing the saddened scenes? We believe, we can. The question then is 'How'. The answer is simple. Take contextually effective steps domestically for adapting with climate change and also mitigating its impact. This needs to be accompanied with bold and innovative moves from our country for making developed countries take the lead of the fight against climate change meeting their commitment and disbursing funds as such.

In formulating our policies, Bangladesh Climate Change Strategy and Action Plan 2008 was a milestone which was followed by a modified one in 2009. This gave a proper guideline regarding the course of action for our government. Bangladesh also created the document titled 'Initial National Communication' now being known as 'Second National Communication' for communicating its plan and action to UNFCCC. In 2004, Department of Environment established climate change cell under Comprehensive Disaster Management Programme. Many steps were taken among which introduction of National Adaptation Programme of Action (NAPA) in 2005 was a major one. One big hiccup is still there in case of policy formulation as the Disaster Management Act is still in the offing. There are still many scopes for intensifying our effort in fighting climate change and coping with natural disasters.

In the 16th SAARC Summit, the leaders of eight SAARC countries agreed to establish an inter-

governmental expert group on climate change for developing and monitoring regional policy implementations. They also decided to plant ten million trees in the SAARC countries in five years, as part of a regional attempt in afforestation and reforestation. Now in the recently concluded 17th SAARC meeting, the Thimphu declaration was further stressed and there was an Agreement on Rapid Response on Natural Disaster. These are all positive developments as regional effort in this regard can be very effective one by bolstering our fight against combating climate change. This will also keep developing countries like India, one of the major polluters of carbon, in reducing or controlling their emission.

Globally, there have also been some major steps in addressing climate change. The legally binding

obligations for developed countries to reduce their greenhouse gas emissions came into effect in 1997 with the conclusion of Kyoto Protocol, albeit with some countries not signing it. In the COP 17, it was expected that all the countries could be aligned for achieving a legally binding agreement on reducing emission of carbon. Again developed countries should be pushed for disbursement of climate fund as they have so far released only \$3 billion out of pledged \$30 billion where Bangladesh received only \$125 million.

We need now a combination of both top-down and bottom-up approach to have a realistic chance for us to sustain this combat against climate change. A top-down approach will ensure release of climate fund from the developed countries which will be like a com-

pensation package for us to cope with the consequences of the crime made by the former. This again requires push from developed countries like us which can exert more influence through regional cooperation and building blocks of most vulnerable countries to climate change. At the same time bottom-up approach will require for countries like us to develop their own adaptation and mitigation strategies and act as such. If we can carry both these approaches with out-of-box thinking keeping transparency in all these steps, we can prove the ominous forecasts regarding climate change wrong to certain extent. Let's play our part and make others play theirs.

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Climate change impact has already rendered a considerable number of people refugees.