



Financing Climate Justice: Scotland at COP26

Climate change is not just a matter of science, technology or economics. It is a matter of justice. Those most affected by climate change are also those who have done the least to cause it. Every day in the global south people face droughts or floods, food shortages, and forced migration caused by climate change. For the countries and people most vulnerable to rising temperatures, climate change is not something for the future: it is happening right now. **The climate emergency is here.**

COP26 is set to be the most important UN climate conference in years. Now scheduled for November 2021, the Glasgow summit will be a reckoning of whether countries' pledges are enough to limit warming to 1.5°C, and ultimately of the Paris Agreement itself. Taking place in the wake of the COVID-19 pandemic, and in the context of what's anticipated to be the worst economic recession since the 1930s, COP26 will be under even more pressure to deliver a global solution to the climate and nature emergency.

It is vital that the Scottish Government and leaders across the world commit to urgent action for rapid emissions reductions. However, emissions reductions alone are not enough. For countries in the global south, finance is at the top of the COP26 agenda. Finance to help adapt to the effects of climate change that are already happening; finance to rebuild from the losses and damages caused by disasters such as floods and cyclones; and finance to build resilience to future crises. These are countries who have done least to cause the climate emergency, but who are now most affected by it. This briefing explains why climate finance is key to unlocking global co-operation on the climate

crisis, averting catastrophic warming, and why increasing the Climate Justice Fund and promoting loss and damage are vital actions the Scottish Government should take.

Climate Finance

The need to cut greenhouse gas emissions is often at the centre of climate change discussions. Emissions reductions are a key step in tackling climate change and Scotland has shown itself to be a world leader by adopting the Climate Change (Scotland) Act 2019 and entrenching progressive emission targets into legislation. However, under the Paris Agreement, wealthy historical polluters have obligations to tackle the current climate crisis not only through national mitigation efforts, but also by supporting **global mitigation and adaptation** - action that requires substantial financial contributions. **Global finance is central to climate justice and to reducing emissions to 'safe' levels.**

Mitigation refers to efforts to reduce or prevent greenhouse gas emissions by changing the way we live. **Adaptation** supports communities to adjust to the effects of climate change that are already happening.

Wealthy historical polluters have so far failed to provide anywhere near enough climate finance. This includes a failure to deliver on global commitments made at COP15 in Copenhagen in 2009 for \$100bn per year by 2020. What finance is on the table includes a high proportion of debt-inducing loans, private finance and re-packaged Overseas Development Assistance (ODA) and is undermined by significant over-reporting.¹ Crucially, despite commitments to a 50:50 split in climate finance between mitigation and adaptation, only an estimated one fifth of climate finance currently goes towards adaptation.²

¹ <https://www.oxfam.org/en/research/climate-finance-shadow-report-2018>

² <https://www.climate2020.org.uk/financing-for-adaptation/>

COP26 will see negotiations on these issues, as well as on a new long-term finance goal. It is vital that concrete steps are taken at COP26 towards achieving the \$100bn goal, and towards setting a new long-term finance goal that is informed by a fair shares analysis.³ Supporting international adaptation in developing countries is included in Scotland's new Climate Act. Whilst headline commitments in the Act focus on the emissions reduction targets for 2030 and 2045, others commit Scotland to the principle of climate justice, alignment of climate policy with the Sustainable Development Goals, and to support action in developing countries to adapt to the effects of climate change. Considering these new legal commitments, the impetus for global leadership in the build-up to COP26, and the increasing impact of the climate crisis on the poorest, the time is now for the Scottish Government to increase its global climate finance.

It is essential that global climate finance is additional to existing funding, because climate impacts are additional to existing development challenges. Many countries with financial obligations under the UN climate regime, including the UK, simply repurpose development finance to call it "climate finance". This robs the most vulnerable, as people affected by climate change are still affected by development challenges; it isn't one or the other. At a global scale, we need new flows of public finance that are additional to existing development commitments, and not in the form of debt-inducing loans.

Through the Climate Justice Fund (CJF), the Scottish Government is already making a strong commitment to those who suffer most but have done the least to cause climate change. Now is the time to expand this. The CJF recognises that Scotland has helped fuel the climate crisis through its past and present carbon emissions, and is now duty-bound to support those impacted by it. However, the CJF has been frozen at £3m a year since 2016 and has therefore lost value at a time of growing need. It is time to reverse this trend by expanding the CJF, because the status quo is not enough and

those impacted cannot wait. By increasing the CJF, ensuring its quality, and championing the need for climate finance to be additional to broader development funding, the Scottish Government can set a strong example as other global north countries and devolved states consider their own contributions in the run up to COP26. An increase in finance can be strengthened further by raising funds from new sources in a climate just way. By creating funds from a carbon tax or frequent flyer levy, the Scottish Government could set a strong global precedent for applying the "polluter pays" principle in climate finance policy. We must bolster our own commitment, and then urge others to do the same. Our leadership has never been more important.

Climate Fair Shares: How much finance?

The 'fair shares' methodology⁴ is rooted in the science of carbon budgets and the principles of equity under the UNFCCC.⁵ New analysis shows that if the UK was to reduce its own emissions to zero by 2030, it would still be responsible for an estimated £1trillion in support for developing countries.

Given that the UK has committed to net-zero by 2050, its financial obligations are considerably greater.

Scotland is responsible for a portion of the UK's fair share, both in terms of mitigation and finance. Given its more ambitious mitigation targets of 75% by 2030 and net-zero by 2045, its climate finance obligations will be slightly less than the UK's on a proportional basis.

³ <http://civilsocietyreview.org/>

⁴ <https://www.christianaid.org.uk/resources/about-us/uks-climate-fair-share>

⁵ <https://climateequityreference.org/>



WaterAid/Bangladesh

Water and Climate Change in Bangladesh

Bangladesh is one of the most vulnerable countries to climate impacts. Increased incidence of **extreme weather events**, such as floods and cyclones, compromise the sustainability of water, sanitation and hygiene services. **Slow-onset events**, such as rising sea-levels and changing weather patterns further hinder access to these essential services. Groundwater supplies become contaminated with salt water, and unpredictable rainfall decimates already precarious water systems, robbing people of their human rights to water and sanitation. The incidence of each of the impacts are precipitated by climate change and hurt those who have done the least to cause this crisis.

Climate finance can provide vital solutions to protect communities from these impacts and adapt to already locked-in levels of global warming. Rainwater harvesting installations and reverse osmosis technology can protect vital supplies of clean drinking water for communities threatened by salt-water intrusion. Raised toilets can protect the health and dignity of communities threatened by floods and storms. Gender-responsive climate adaptation interventions can ensure that the burden on increased water insecurity no longer falls on the shoulders of women and girls.

Global financial mechanisms, such as the Green Climate Fund, were created to provide financial support to developing countries by growing low-carbon economies and adapting to the impacts of climate change. However, global funds are notoriously challenging to access, and require huge investment to even put together a bid for funding. Global funds have also historically prioritised mitigation over adaptation projects, with an estimated four fifths of current climate finance going to mitigation projects. This further leaves the most vulnerable communities behind.

As the world approaches 1.5°C, it is vital that there is an urgent global ramping up of ambition on adaptation, and the finance for this must come from the global north. Targeted adaptation funds, such as from the Scottish Government, direct to communities most in need, are a vital competent of this global effort.

The Scottish Government should ensure that it maximises its investment in the CJF by promoting key thematic areas, such as WASH or sustainable agriculture, and by using a community-led adaptation approach. By doing this and aligning projects with best practice in global climate adaptation it can ensure maximum impact for affected communities.

Loss and Damage

The term 'loss and damage' is used within the UNFCCC process to refer to the social and environmental harm caused by climate change, both from sudden-onset events (climate disasters) as well as slow-onset processes (such as sea level rise). The impacts of climate change have not been sufficiently slowed by mitigation efforts, and some are already too severe for many communities to adapt to.

Loss and damage is the third pillar of the global climate regime, and is at the core of climate justice. Climate change is already causing irreplaceable loss and damage to lives and livelihoods around the world. Although loss and damage encompasses both economic and non-economic losses, a significant consequence of climate change is the financial impact it has on those affected. When high-emission, rich countries in the global north fail to provide adequate finance for mitigation and adaptation, climate induced loss and damage becomes more likely. When finance and support for loss and damage is not made available either, many low-emission, poorer countries in the global south are forced to take massive loans in order to respond to climate disasters. This creates unjust climate-debt burdens on already struggling counties.

Establishing liability and compensation for climate change damages has been a long-standing goal for developing countries. The Warsaw International Mechanism (WIM) for Loss and Damage, established in 2013 and included in the Paris Agreement in 2015, focuses on research and dialogue rather than concrete finance and support. Establishing a financial mechanism for the WIM is a priority demand of developing countries and global civil society. Finance and support for loss and damage must be additional to finance and support for mitigation and adaptation. Otherwise the same, insufficient amount of global climate finance simply gets cut into smaller slices and divided across more areas.

After much debate, COP25 decided to establish the Santiago Network on Loss and Damage. This decision did not provide new and additional finance for loss and damage, but merely invited the Board of the Green Climate Fund (GCF) to continue to provide financial resources for addressing loss and damage within its existing mitigation and adaptation funding.

Cyclone Idai in Mozambique



Repeated cyclones have hit Mozambique and caused US\$3.2 billion worth of loss and damage. That's the equivalent of 22% of the country's GDP and approximately 50% of their national budget. In March 2019, the country was hit by Cyclone Idai - the worst national disaster in two decades. It is estimated that the cyclone destroyed as much as 50% of Mozambique's annual crops and killed more than 500 people. Forced to take up expensive loans to respond to the emergency, Mozambique's government has had to redirect money from public services such as education and healthcare to repay these loans. Today, the devastating effects of the lack of funding for essential public services is more evident than ever; in the middle of the COVID-19 pandemic, Mozambique only has 34 ventilators to share between the country's 31.4 million people.

Scotland at COP26

The success of COP26 will rest on concrete steps towards building the resilience of countries who are already experiencing the devastating consequences of climate change, and yet have contributed little to causing the crisis. The Scottish Government has already committed to ensuring the voices of the people most impacted by climate change are at the very heart of COP26, and to working closely with civil society to ensure that their voice is heard by the negotiators. One of the most central issues to all of this is loss and damage and the Scottish Government should champion this at COP26.

Scotland already sets an example for other high-emission, global north countries through its ambitious mitigation targets, but more can be done by enhancing overseas support. By increasing the CJF, ensuring equitable distribution for adaptation projects, establishing innovative new sources of finance such as a high-emitter tax, and championing the need for a substantial increase in public finance that is additional to international development, the Scottish Government can set a strong example for other global north countries.

We call on the Scottish Government to:

1. Significantly increase the Climate Justice Fund with new and additional finance, such as from a high-emitter tax*
2. Proactively call for other rich countries, including the UK, to increase their own climate finance informed by a fair shares analysis, while championing additionality before and at COP26
3. Undertake a review of the Climate Justice Fund to build on its success, ensuring that it is fully aligned with best practice in climate adaptation globally
4. Develop a position on loss and damage and use this to champion progress on it at COP26. Namely, a financial mechanism for the WIM and meaningful development of the Santiago Network
5. Host pre-COP meetings with representatives from the global south to develop a clear roadmap for Scottish Government support to key global south issues at COP26.

The full report is available here:

https://www.stopclimatechaos.scot/wp-content/uploads/2020/10/FinancingClimateJustice_Final.pdf

*As a coalition, SCCS calls for the Climate Justice Fund to be significantly increased. Members have different views on what level of funding would be appropriate and are calling for a range of figures and approaches, including a minimum of £10m and increasing in-line with a fair shares approach, while respecting limitations on devolved powers.

