Financing Climate Justice

Scotland at COP26
Photo credit – Vlad Sokhin/Panos/OxfamAUS

Photo caption: Grade 5 student Rosella, 10, walking home through the flooded area of Eita village. The village gets flooded by sea water ever high tide. Comprised of around 30 atolls (ring-shaped coral reefs), Kiribati is one of the most vulnerable countries in the world. The 100,000 inhabitants of this low-lying Pacific island nation are fighting a battle to save their land and way of life against rising sea-levels, changing weather patterns, and increasingly intense storm activity causing extensive coastal erosion and salt water inundation.
Acknowledgements

This report is written by Anne Funnemark at Jubilee Scotland, with contributions from the Stop Climate Chaos Scotland (SCCS) International Group and financial support from SCIAF, Oxfam Scotland and the Polden Puckham Foundation. The author and the SCCS international group thank the International Institute for Environment and Development (IIED) for their valuable input to the report. The report may not reflect the policies of each SCCS international group member organisation individually.
# Contents

1. Introduction 1

2. Global finance 4
   - The UNFCCC and Climate Finance 4
   - Climate Justice and Climate Finance 6
   - The Issue of Loss and Damage 8
   - Case Study 1: Water and Climate Resilience 12

3. Scotland’s Role In Global Finance 13
   - Scotland As A World Leader on Climate Policy 13
   - Case study 2: Climate Challenge Programme Malawi 14
   - Ask: Significantly increase the Climate Justice Fun with new and additional finance, such as from a high-emitter tax 15
   - A Carbon Tax 15
   - A Frequent Flyer Levy 17
   - Ask: Develop a position on loss and damage and use this to champion progress on it at COP26. 19

4. Finance in Practice 21
   - Ask: Undertake a review of the Climate Justice Fund to build on its success, ensuring that it is fully aligned with global best practice in climate adaptation globally 21
   - Finance Needs to Reach Frontline Communities 23
   - Finance Should be Adapted to the Needs and Wants of Specific Frontline Communities in order to Promote Locally Owned Processes and Policies 23
   - Case Study 3: Sustainable Agriculture: Spotlight on Zambia 24
   - Finance Should be Sensitive to Socio-Economic, Cultural and Political Factors that Shape Individuals’ and Groups’ Response and Vulnerability to Climate Change 25
   - The Need for Gender Sensitive Finance 26

5. Conclusion 27

Bibliography 28
1. Introduction

Climate change is not just a matter of science, technology, economics or nature. Climate change is also fundamentally an issue of justice. The irrefutable scientific consensus that anthropogenic climate change is driven by greenhouse gas emissions from the global north, leads to the moral consequence that these countries have a duty to bear the burden of tackling this crisis. Countries which industrialised first have the largest historical complicity in the climate emergency, and these same countries have the highest levels of consumption which contribute to global emissions far exceeding safe levels. We also know that the impacts of this crisis are disproportionately felt by those in the global south. The poorest countries, who have the least responsibility for causing the crisis, are already suffering from its impacts; these countries are incurring massive financial costs associated with bringing down emissions, adapting to the impacts of climate change, as well as irreparable loss and damage of lands, livelihoods and culture.

With only a few years at current emissions rates left until the carbon budget for 1.5°C warming is used up, the climate emergency requires all nations to bring their greenhouse gas emissions to zero as soon as possible. However, to address the injustice of rich historical polluters having used up a disproportionate amount of atmospheric space, these states must support the reduction of greenhouse gases, adaptation and clean development in the global south, as well as be accountable for loss and damage caused.

Climate change is a global problem and requires global solutions. The Scottish Government has a strong track record in this area. The Climate Justice Fund is a powerful signal to the world of Scotland’s commitment to climate justice, and its acknowledgement of the need to address historical emissions. The new Climate Change (Scotland) Act 2019 enshrines this principle in legislation, and commits new emissions reduction targets for Scotland which are amongst the most ambitious in the global north. However, emissions reductions are only one side of the coin.

1. Zeke Hausfather ‘Analysis: How much “carbon budget” is left to limit global warming to 1.5°C?’ (CarbonBrief, 9 April 2018)
2. Climate Change (Emission Reduction Targets) (Scotland) Act 2019, see especially Part 1
Climate justice requires that historical polluters provide finance to those least responsible for and most impacted by the crisis. The ambitious new Climate Change Act was passed in the wake of Scottish Government declaring a “climate emergency”, the first government in the world to do so. This Act crucially includes commitments for Scotland to offer support to other countries in dealing with the impacts of climate change. In light of Conference of the Parties (COP) 26 coming to Glasgow in 2021, it is now time for Scotland to step up its efforts to address the climate emergency through finance with a significant increase to the Climate Justice Fund and by championing the issue of climate change induced loss and damage.

Increasing the amount of finances made available through the Climate Justice Fund, and improving the terms on which it is provided is an opportunity for Scotland to rise to the challenge of doing its fair share of climate action, sending a strong signal to world leaders when they come to COP26. Climate finance will be a key issue on the table at COP26, with developing countries demanding commitments to fulfil the pledge of £100bn per year, improve the terms on which finance is provided and allocated, set a new global finance goal for post 2025, and make meaningful progress on a loss and damage finance mechanism.

Scotland is regarded as a global-north leader on climate change. As such, Scotland has both a responsibility and an opportunity to continue to find new ways of pushing the boundaries of what is seen as possible, and to take actions to tackle injustice in a way that inspires others to do the same. Scotland must use the occasion of COP26 to publicly, prominently and meaningfully listen to countries on the sharp end of the climate crisis, and take genuine actions which will protect the poorest from further harm. Every year at COP, big polluting countries deliberately attempt to evade the issue of climate justice, and shirk their moral obligations to countries incurring the costs of their inaction. Scotland must resist this, champion climate justice, and lead by example.

---

In this context, this report presents the following recommendations:

- Significantly increase the Climate Justice Fund with new and additional finance, such as from a high-emitter tax

- 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

- Undertake a review of the Climate Justice Fund to build on its success, ensuring that it is fully aligned with global best practice in climate adaptation globally

- 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.

- 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

---

4. SCCS as a coalition is calling for the Climate Justice Fund to be significantly increased but have different views on what level of funding would be appropriate. Members 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.
2. Global finance

This section outlines the framework that the UNFCCC\(^5\) sets for the issue of global finance, shows the need for such finance to be additional through its interlinkage to climate justice, and highlights the necessity of furthering the work on loss and damage as the third pillar of the United Nations Framework Convention (UNFCCC). In doing so, this section presents the foundations for the Scottish Government asks presented in section 3.

The UNFCCC and Climate Finance

UNFCCC establishes the legal framework specifically designed to address climate change. Adopted in 1992, the framework sets out both the general principles states must respect in order to tackle climate change and specific obligations states must undertake in key areas such as mitigation and financial resources.\(^6\) Article 2 efficiently summarises the overall objective of the agreement stating that the framework seeks to ‘achieve… stabilisation of greenhouse gas concentration in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system’.\(^7\) The COP is the supreme body of the framework, which reviews the implementation of the convention and subsequent climate agreements, meeting annually with rotating international hosts.\(^8\) Next year, the 26th COP (UNFCCC COP26) will take place in Glasgow, hosted by the UK, in partnership with Italy.\(^9\)

In relation to climate finance, the Copenhagen Accord (agreed at COP15 in 2009) is of particular interest as it establishes the demand for ‘scaled up,'
Climate finance should be additional to existing finance for international development, as this is a key aspect of climate justice (further outlined in section 2.2 below). The concept of additional climate finance, as set out in the Copenhagen Accord, refers to the financial means necessary for countries in the global south both to mitigate their own climate emissions and to adapt to the ongoing climate change. The need for climate finance is reasserted in the Paris Agreement (agreed at COP21, and due to be reviewed at COP26), which seeks to ‘[increase] the ability to adapt to the adverse impacts of climate change and’ and to ‘[make] finance flows consistent with a pathway towards low greenhouse gas emission and climate resilient development’. The demand for climate finance sits within the context of the principles of equity and Common But Differentiated Responsibilities and Respective Capabilities (CBDR+RC). The principle was first formulated in Principle 7 of the 1992 Rio Declaration on Environment and Development and is also entrenched in Article 3(1) of the UNFCCC as a key guiding principle. It embodies an understanding of the differentiated contribution to, and benefits from, climate change between ‘developing’ and ‘developed’ countries. As such, it reflects a formulation of the ‘polluter pays’ principle. Stemming from international environmental law, the ‘polluter pays’ principle stipulates that in every case where there has been pollution to the environment the entity accountable bears the cost resulting from the pollution or the measures that need to be taken to prevent pollution. Recognising the unequal contribution to climate change and thus the differentiated responsibility for the change and damage climate change is causing, the principles of polluter pays and CBDR+RC are at the heart of climate justice and international climate change law.

Though Scotland is not party to the UNFCCC independently, it plays a key role in shaping global north-policies on the area with its forward leaning approach
to climate change. Through ambitious climate change policies, Scotland has the ability to put pressure on and influence state governments and their engagement with UNFCCC. In order to continue to lead by example in the area of climate change, it is crucial that Scotland’s climate change policy aligns with the principles established by the UNFCCC, its subsequent climate treaties and agreements, and international environmental law.

In summary, high-emission global north countries’ commitment to provide additional climate finance is entrenched in UNFCCC and supported by principles of international environmental law. In order to push for ethical implementation of climate justice principles at the UNFCCC level, Scotland should make a powerful statement by ensuring that it embeds the principle of additionality in an increased and refreshed climate justice fund.

Climate Justice and Climate Finance

In addition to being entrenched in the UNFCCC and subsequent climate treaties and agreements, the importance of additional climate finance is underscored by a climate justice focused approach to climate change. As briefly set out above, climate justice highlights how, whilst climate change affects the entirety of the world, the negative effects of climate change is disproportionately borne by those people, communities and countries already disadvantaged due to their socio-economic situation and/or geographical location.¹⁵

For people on the frontlines, the on-going climate crisis is having a disastrous effect on the right to life, the right to health, the right to food and the right to water - among other fundamental human rights.¹⁶ Estimating that climate change causes 400,000 deaths each year on average, mainly due to hunger and communicable diseases, The Climate Vulnerable Forum has stated that climate change ‘can be considered a leading global cause

---

¹⁵. UN Human Rights Office for the High Commissioner ‘The impact of climate change on the effective enjoyment of human rights’ (No date) Available at: https://www.ohchr.org/EN/Issues/HRAndClimateChange/Pages/AboutClimateChangeHR.aspx

¹⁶. See, for example, United Nations Human Rights Council (HRC) ‘Analytical study on the relationship between climate change and the human right of everyone to enjoyment of the highest attainable standard of physical and mental health’, UN Doc. A/HRC/32/23 (May 2016),
of death’. 17 The Intergovernmental Panel on Climate Change (IPCC)18 and the Food and Agricultural Organisation (FAO) highlight the continued risk to food production and food security caused by climate change, with the FAO stating that ‘climate variability and extremes are among the key drivers behind the recent uptick in global hunger and one of the leading causes of severe food crisis’.19 These statistics show how climate change hinders development and adds to the vulnerabilities of people already experiencing hardship across the world. Accordingly, it is essential that global climate finance is additional to existing commitments, because climate impacts are additional to existing development challenges and goals. Many countries with financial obligations under the UN climate regime, including the UK, simply repurpose development finance to call it “climate finance”. This is an insufficient response, as people affected by climate change are still affected by development challenges. It is not one or the other.

Further, the communities now facing the most adverse effects of climate change have historically contributed little to greenhouse gas emissions. On the other hand, rich, high emission countries have reaped massive economic benefits from the emission intensive development that has fuelled the climate crisis. This means historic high-emission countries owe a moral debt to those now facing adverse risks to their lives and livelihoods due to climate change. The importance of increasing climate finance and additionality in this climate finance is again underscored.

As outlined in the introduction, the Scottish Government has pledged to put climate justice at the heart of its climate policies. Accordingly, the notion of climate justice should also guide its policy on climate finance. This section has thus shown that the ask for increasing climate finance that is additional to the 0.7% of GNP committed to Official Development Assistance (ODA) is supported both by the UNFCCC and subsequent climate treaties and agreements, fundamental principles of international environmental

law and climate change law and lies at the heart of climate justice. All of these factors are and should be decisive in determining Scotland’s policy on climate finance. Moreover, due to its existing commitment to climate justice, the Scottish Government has a unique opportunity to influence how the ideas of responsibility and solidarity at the heart of climate justice should shape the further development of the UNFCCC at COP26.

The Issue of Loss and Damage

Alongside the issues of mitigation and adaptation sits the issue of loss and damage. This concept has grown in importance in recent years as the world has recognised that climate impacts have not been successfully slowed by mitigation efforts and goes beyond that which has been successfully adapted to, meaning that climate change is causing significant irreparable loss and damage in frontline states and communities. Loss and damage reflects the unavoidable and inevitable consequences of human caused climate-change which are already locked in due to collective failures to mitigate and adapt fast enough. In recent years, this issue has increased in prominence due to improvements in “attribution science”, which can now more effectively demonstrate the relative impact of anthropogenic climate change on communities. As more frequent and intense natural disasters impact communities, the question of who should meet the cost of their impacts is rising up the UNFCCC agenda. At COP26, loss and damage will feature heavily, and it is vital that the Scottish Government have a robust position on the issue to ensure they are supporting impacted communities.

The concept of loss and damage dates back to 1991 when the Alliance of Small Island States (AOSIS) called for a mechanism that would compensate countries affected by sea level rise. Like climate finance, the issue of loss and damage is closely connected with the concept of climate justice. Climate change causes loss of and damage to lives, livelihoods and peoples’ way of living life around the world.

A significant aspect of climate change induced loss and damage is the financial impact it has on those affected. When high-emission, rich global north countries fail to provide adequate finance for climate induced loss and damage, low emission, poor global south countries are buried in unjust climate debt. With inadequate loss and damage finance, many countries are forced to take up massive loans in order to respond to climate disaster. This creates unjust climate-debt burdens on already struggling countries, as can be illustrated with the example of Mozambique provided by Oxfam’s media briefing ‘Who takes the heat?’.

Repeated cyclones have hit Mozambique and caused US$3.2 billion worth of loss and damage – 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 Covid-19 pandemic, Mozambique only has 34 ventilators to share between the country’s 31.4 million people.

Despite this evidently devastating effect of the failure to provide finance for climate change induced loss and damage and the clear moral obligation of high-emission global north states to do so, recognition for the issue on an international plane has been slow. This has largely been due to efforts from high-emission, global north countries to block progress on the matter. The concept was first officially recognised in UNFCCC texts in the 2007 “Bali Action Plan” which called for disaster risk reduction strategies to address

---

23. Oxfam, ‘Who takes the heat?’
25. Oxfam Staff, ‘Who takes the heat?’
This was followed by mention of loss and damage in the 2011 Cancun Agreements. In Doha in 2012, the decision to establish the Warsaw International Mechanism for Loss and Damage (WIM) was made, and WIM was established in 2013. WIM set out to ‘promote the implementation of approaches to address loss and damage associated with the adverse effects of climate change...in a comprehensive, integrated and coherent manner’. WIM was later anchored into the Paris Agreement, giving the mechanism a legal basis within the UNFCCC framework.

One of WIM’s key functionalities, in addition to enhancing knowledge of and strengthening dialogue and coordination around the issue of loss and damage, is to provide ‘action and support’. Embodied in the call for support is the need for finance for those countries and communities experiencing loss and damage from climate change. However, in its first years of operation, WIM has had little focus on this area. The anchoring of WIM in the Paris Agreement cemented the issue of loss and damage as the third pillar of the climate regime, and signified a recognition of how certain implications of climate change go beyond mitigation and adaptation. However, as AOSIS’ proposal for calculating and distributing loss and damage was rejected, with the Paris Agreement stating that loss and damage should not be calculated on the basis of liability and compensation, the basis on which climate change induced loss and damage should be calculated or distributed continues to be unclear.

Today there continues to be a lack of action on this area of loss and damage. After much debate, COP25 decided to establish the Santiago Network on


30. Paris Agreement, art. 8

31. Paris agreement, art. 8

32. Climate Focus, Briefing Note: Loss and Damage in the Paris Agreement,Climate Focus (December 2015) Available at: https://climatefocus.com/sites/default/files/20160214%20Loss%20and%20Damage%20Paris_FIN.pdf
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 to continue to provide financial resources for addressing loss and damage within its existing mitigation and adaptation funding windows. At the same time, loss and damage continues to be a pivotal issue, particularly for small, low-emission states feeling the consequences of climate change. Consequently, loss and damage is a key issue on which progress needs to be made at COP26.

This brief outline shows how the issue of loss and damage sits with the issue of climate finance in that it too stresses the way in which states’ approach to climate change cannot only centre around greenhouse gas emission cuts, but must include financial commitments. As with climate finance, the need for finance for loss and damage is entrenched in the UNFCCC and underpinned by principles of climate justice. Despite this, Scotland has no specific policy on loss and damage as of today.

There are clearly calls for global finance to address the issues of climate finance and loss and damage while tackling climate change, each of which are entrenched in the UNFCCC and subsequent climate agreements and are crucial to the notion of climate justice. In turn, Scotland’s policies should be informed by these principles and notions. As the host destination for COP26, Scotland has a unique opportunity to further its commitment to tackle climate change and promote climate justice and to continue its role as a key international player in creating an example for other high-emission, global-north states.

---

Case Study 1: Water and Climate Resilience

Climate change is water change. For the poorest and most marginalised communities to be resilient to the challenges and uncertainties that climate change brings, access to climate-resilient, inclusive and robust water, sanitation and hygiene (WASH) service is essential. Unfortunately, across the world climate change policy does not currently adequately recognise the crucial role which WASH play in climate adaptation.

1. WASH Is the First Line of Defence Against Climate Change

While contributing the least to its causes, it is the poorest communities who will continue to pay the heaviest cost of global warming. As climate-vulnerable people experience changing weather patterns – less predictable rainfall, salt-water intrusion and increased exposure to disease – sustainable WASH services become a critical line of defence. For many, it may be the difference between coping and not coping with climate change.

2. Resilient WASH Service Design Accounts for Climate Risk

The impacts of climate change increases many of the root causes of water insecurity, threatening the reliability of WASH services. These risks must be understood so that options to improve the climate resilience of WASH systems can be appraised. Greater threats require more resilient systems – which can remain operational through the challenging physical, social and political conditions that climate change can bring.

3. Sustainable WASH Implementation Requires Robust Systems

In order to deliver WASH systems which are resilient to the impacts of a changing climate: the capacity of governments, institutions and communities must be increased, finance must be mobilised and systems must be monitored, reviewed and maintained. Newly delivered WASH services often perform effectively for a period and then either fall into disrepair or otherwise fail to provide continuing benefits to their users.

This is a crisis of sustainability, which can only be addressed through strengthening the whole WASH system – all of the people, processes, and institutions necessary for the delivery and sustainability of WASH services.

To tackle this crisis, it is essential that the connections between WASH and climate resilience are well understood and quality programmes are implemented. Globally, this means that WASH must be implemented into national adaptation plans and reflected in countries’ nationally determined contributions, and significant sums of climate finance must be assigned to support WASH as an adaptation method. In Scotland, the new increased climate justice fund can increase its effectiveness by investing in quality WASH programming in Scotland’s partner countries.
By drawing on the global policy debates explored above and implementing accordingly, Scotland can make strategic policy decisions that maximise its contribution to communities overseas and also showcase global best practice. By significantly increasing its contribution to the Climate Justice Fund with new tax, ensuring additionality to ODA, and championing the issue of loss and damage in the lead up to and at COP26, Scotland can play a key role in driving climate-just action on a global level and helping secure a positive outcome at COP26.

Scotland As A World Leader on Climate Policy

Scotland has global-north leading climate change targets, with the Climate Change Act (Scotland) 2019 enshrining net-zero by 2045,\textsuperscript{34} and an interim target of cutting emissions by 75% compared to 1990 levels in 2030.\textsuperscript{35} Additionally, the First Minister has stated that her goal is for Scotland to be an international leader on climate change, with a particular focus on the disproportionate impact of climate change on the global south and frontlines communities.\textsuperscript{36} Scotland’s commitment to tackling climate change both at home and abroad has been manifested through Scotland’s Climate Justice Fund. The Climate Justice Fund shows Scotland’s capacity for innovation and leadership for action on climate change.

With these ambitions and capabilities Scotland has the opportunity to play a role in influencing other global north states, regions and countries on the issue of climate finance and to show leadership by using its position to champion the issue of loss and damage at COP26. Whilst Scotland is not an official party to the UNFCCC, it can take action in the lead up to and at COP26 in Glasgow in November 2021 which will influence and contribute to the developments of the UNFCCC framework. Scotland harbours the ability to set an example for both the UK and other global north countries.

\textsuperscript{34} Climate Change (Emission Reduction Targets) (Scotland) Act 2019, part 1, art. 1(1)(2)
\textsuperscript{35} Climate Change (Emission Reduction Targets) (Scotland) Act 2019, part 1, art. 1(2)(1)(b)
\textsuperscript{36} Scottish Government, ‘Arctic Circle Assembly 2016: First Minister’s Speech’ (October 2016) Available at: https://www.gov.scot/publications/arctic-circle-assembly-2016-fm-speech/
Case study 2: Climate Challenge Programme Malawi

The Climate Challenge Programme Malawi (CCPM) is a Scottish Government initiative supporting rural communities in southern Malawi. The three-year, £3.2 million programme enables vulnerable Malawian communities to identify and implement solutions to the climate challenges they face, with a particular focus to helping the most vulnerable, including women and girls, and promoting human rights. The CCPM provides a clear example of climate justice in action, recognising that people in developing countries are the first to be affected by climate change, and will suffer the most, despite having done little or nothing to cause the problem.

A recent independent review of the programme found that its community led approach had helped create a strong sense to the ownership of the programme by participants, positively contributing to the strong results in improving access to food, water and energy. The impact of the CCPM is clearly demonstrated across five categories; food, water, energy, income and empowerment. Food insecurity was the number one issue affecting all CCPM communities. 524 farmers, a majority of them women, have been trained in sustainable, organic farming techniques and have convinced a third of participants to adopt them. Almost 1,500 backyard vegetable gardens have been planted, 1,500 goats have been distributed and farmers are growing a much wider number of crops. All of means that the diet of CCPM participants has sustainably improved in quantity and variety.

CCPM has improved access to domestic water for 19,140 people by rehabilitating and establishing 29 boreholes, which has massively reduced time spent collecting water, increasing opportunities for agriculture and business. 51 irrigation schemes have been established which gives farmers an opportunity to increase their harvests from once a year to up to three times a year. Seven communities have established solar kiosks which provide a source of energy for study halls with electric lighting and support small businesses such as barbers, charging centres and small shops. Under the CCPM 2,622 people have moved to energy saving cook stoves produced using local materials reducing use of firewood.

The 109 Village Saving and Loans groups established by the CCPM have accumulated savings of 54,500,000 MWK (£57,443) – a massive safety net during hard times for the 2,743 people (78% female) involved and show that given small opportunities people will work tirelessly to build their own resilience and protect their families and communities. Through the CCPM our partners have ensured participants understand their rights and encouraged them to speak up and step forward. There are now 333 women to leadership positions thanks to the CCPM, changing the dynamic of communities and providing a powerful example to young girls. These communities are now independently taking action to protect their environment through protecting river banks, planting trees and creating sustainable local laws.

The CCPM has a record of success in helping communities adapt to the threat of climate change. It will leave a legacy that can inspire community led climate work worldwide. This is an example of the kind of innovative, contemporary, effective and participatory programming that the Scottish Government can implement through the limited resources of its Climate Justice Fund. An increased Climate Justice Fund should build on the success of programmes like the CCPM, to ensure maximum impact for communities and which are underpinned by the principles of partnership and climate justice.
Ask: Significantly increase the Climate Justice Fund with new and additional finance, such as from a high-emitter tax

On this basis, and in line with Scotland’s commitment to climate justice, we are asking that Scotland take the next step and increase its contribution to climate finance. Scotland can do this through increasing its commitment to the Climate Justice Fund. Scotland should ensure that this finance is additional to the 0.7% of GNP the UK is providing in ODA each year. As this brief has shown, the principles of climate justice, through its focus on the human cost of climate change, makes evident the need for finance to be new and additional to international development funding. In doing so, Scotland can lead the global commitment to additional finance.

The revenue for Climate Justice Fund can be raised through Scotland’s tax powers. Creating additional revenue is a key step in ensuring that finance aimed at tackling climate change is not taken from current domestic or international funding streams, but rather follows the principle of additionality. Further, through taxing activities that emit high amounts of greenhouse gas (the main driver of climate change), Scotland’s contribution to climate finance can also contribute to Scotland reaching its net zero target.

There are a couple of key ways in which Scotland can use its devolved tax powers to increase revenue for the Climate Justice Fund:

- Introduction of Carbon Tax
- Adapting a Frequent Flyer Levy approach to taxation of aviation passengers

A Carbon Tax

Background

With the government’s net zero target, alternative thinking as to how lower emissions can be reached is necessary. In general, a carbon tax has been proven to be more effective and fairer compared to other policy inventions. Introducing a carbon tax lies within Scotland’s devolved powers. The Scottish

37. IPCC, ‘Fifth Assessment Report’
How much should Scotland contribute to climate finance?

Scotland’s Fair Share

New analysis using the ‘Fair Shares’ methodology which is rooted in the science of carbon budgets and the principles of equity under the UNFCCC 5 shows that if the UK was to reduce its own emissions to zero by 2030, it would still be responsible for an estimated £1 trillion 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.

See calculations on UK’s climate share, which these rough calculations are based on, at: https://www.christianaid.org.uk/sites/default/files/2020-03/FairShareUK_Infographic.pdf

Government has previously made it clear that it will not adhere to a potential UK wide carbon tax introduced by Westminster as this will encroach on devolved powers.\(^{39}\) Rather than having a UK wide carbon tax encroach on devolved powers, Scotland can further its climate leadership by introducing its own. All of this makes the introduction of a carbon tax a clear next step for the Scottish Government which can bring it closer to achieving its climate goals. Carbon tax also provides a clear new opportunity for revenue.

Execution

There are many different ways in which a carbon tax can be implemented. Existing carbon taxes across the world primarily varies on three key points: (1) the level of the tax; (2) the share of emission covered; (3) the use of the tax revenues.\(^{40}\)

In implementing a carbon tax, Scotland can draw inspiration from sub-state entities such as British Columbia. British Columbia implemented North-America’s first broad based carbon tax in 2008 and continues to be one of the entities in


the world that has the widest coverage of its carbon tax.\textsuperscript{41} The tax covers about 70\% of provincial greenhouse gas emissions and applies to the purchase and use of fossil fuels; it covers both individual households and firms. Alternatively, carbon tax for the purchase and use of fossil fuels can be applied to only households or firms. British Columbia’s carbon tax also follows the recommendation of an increasing trajectory for the tax level.\textsuperscript{42} Scotland should place its tax level so that it is consistent with the net-zero target.

For carbon tax to be fair, introduction of mitigation measures is necessary. Without mitigation measures, a carbon tax creates clear ‘losers’. For example, poorer households are often more dependent on high-emission energy supplies.\textsuperscript{43} However, through innovative use of revenue to compensate fuel-poor households can ensure that the net-impact of carbon tax is zero.\textsuperscript{44} Accordingly, a carbon tax can also contribute to the Scottish Government’s just transition efforts domestically.

In addition to mitigation measures, revenue should be used to contribute to Scotland’s Climate Justice Fund. Here, Scotland can draw on the example of Quebec. The proceeds from Quebec’s carbon tax goes into its Green Fund, parts of which fund its International Climate Cooperation Programme (ICCP). ICCP was launched in response to the Paris Agreement in order to scale up support for developing countries exposed to climate change and is wholly funded by the province’s carbon tax.\textsuperscript{45}

### A Frequent Flyer Levy

**Background:**

The emission from aviation is rising year by year in Scotland, with little to no action taken on the issue. On the current path, aviation is set to be the biggest source of UK emission by 2050.\textsuperscript{46} Unlike other forms of transport, making CO\textsubscript{2} friendly planes is a faraway concept. Consequently, the main way of cutting

\textsuperscript{41} British Columbia Government, ‘British Columbia’s Carbon Tax’, (No date) Available at: https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/carbon-tax
\textsuperscript{42} Burke et al, ‘Policy brief: Global lessons for the UK in carbon taxes’.
\textsuperscript{43} Burke et al, ‘Distributional impacts in of a carbon tax in the UK’.
\textsuperscript{44} Ibid
\textsuperscript{45} United Nations Climate Change, ‘Quebec’s International Climate Program’, (No date) Available at: https://unfccc.int/climate-action/momentum-for-change/financing-for-climate-friendly-investment/Quebec-International-Climate-Cooperation-Program
emissions within aviation as a part of Scotland’s goal of reaching a net-zero is by reducing the amount of air travel.\textsuperscript{47} The need for action is underscored by the result of a survey undertaken on behalf of Fellow Travelers,\textsuperscript{48} which finds that most people do not think the government is doing enough to tackle environmental damage caused by air travel. Scotland gained the powers to regulate tax aviation in 2017 through the Air Departure Tax (Scotland) Act 2017.\textsuperscript{49} The Act set out to replace the UK Air Passenger Duty with an Air Passenger Tax in Scotland. Though different in name, most of the elements of the Air Departure Tax is similar to that of the of the Air Passenger Duty. In essence, the tax placed depends on the aircraft’s final destination and the aircraft’s characteristics.\textsuperscript{50} However, the exact tax bands and tax rates are still to be worked out, as the Air Departure Tax has not taken effect in Scotland; the political process around the tax is held up by the ‘continued uncertainty around Brexit’ and resistance from the Highlands and Islands, who believe the tax will have a disproportionately negative effect on the island communities.\textsuperscript{51}

**Why the Frequent Flyer Levy Is A Better Alternative:**
Instead of introducing an Air Passenger Duty, Scotland should introduce a Frequent Flyer Levy. A Frequent Flyer Levy is a more just and environmentally friendly alternative to Air Passenger Duty for five key reasons, made evident by Fellow Travellers’ research on the topic.\textsuperscript{52}

1. It targets the biggest and wealthiest polluters and aligns itself with the ‘polluter pays’ principle.
2. It is a key step in making aviation pay its fair tax share.
3. It is deemed as fair by the general population.
4. It is highly cost-efficient, making optimal use of current infrastructure.

\textsuperscript{47} Gwyn Topham ‘Aviation’s flight towards low emission only fuels the crisis’ (The Guardian,19 September 2019). Available at: https://www.theguardian.com/business/2019/sep/19/aviations-flight-towards-low-emissions-only-fuels-the-crisis

\textsuperscript{48} 10:10 Climate Action, ‘Public attitude to tackling aviation’s climate change impacts’ (January 2019). Available at: https://s3-eu-west-1.amazonaws.com/media.afreeride.org/documents/Aviation_briefing_Jan2019+FINAL.pdf

\textsuperscript{49} Air Departure (Scotland) Act 2017

\textsuperscript{50} Cabinet Secretary for Finance, ‘Taxes: Air Departure Tax’, (Scottish Government, No date). Available at: https://www.gov.scot/policies/taxes/air-departure-tax/

\textsuperscript{51} Cabinet Secretary for Finance, ‘Taxes: Air Departure Tax’

\textsuperscript{52} A Free Ride, ‘Why is it a good idea?’, (2020) Available at: http://afreeride.org
5. It can increase the revenue gained from the aviation industry. The Frequent Flyer Levy does not intend to tax every passenger equally, but rather aims to tax those who fly the most frequently the highest. Fellow Travelers propose that this can take the shape of increasing the tax rate for each subsequent flight a passenger takes, with the first return flight for each passenger being tax free.\(^{53}\) This means the tax will target those who travel on a regular basis, rather than holidaymakers. 15\% of the British population undertake 70\% of all flight in the UK,\(^{54}\) with this 15\% being amongst the wealthiest in our society.

Ask: Develop a position on loss and damage and use this to champion progress on it at COP26

In addition to raising its financial contribution, the Scottish Government can use its position as front-runners on climate change policy to bring attention to the issue of loss and damage in the lead up and at COP26. As outlined in section 2, the issue of loss and damage is a fundamental part of climate justice, but the world has seen an effective standstill on the issue in recent years.

For COP26 in Glasgow to be successful, significant progression on the issue of loss and damage is necessary. AOSIS made it clear at COP25 that for them, and many other low-emission, poorer global south countries, the issue of loss and damage must be addressed for negotiations to be successful.\(^{55}\) AOSIS, LDC Group, African Group of Negotiators (AGN) and Independent Alliance of Latin America and the Caribbean (AILAC) fully supported by the G77 and China will be pushing for funding of loss and damage to be discussed before and during COP26, whether inside the negotiations or outside. With limited progress in Madrid,\(^{56}\) Glasgow risks a walk out if the issue of loss and damage is not dealt with. An agreement on substantive support to the Santiago Network could be a make or break issue for COP26 success.

With its commitment to climate justice, as world leaders on tackling climate change and with COP26 taking place in Glasgow Scotland has a unique

---

54. Harrabin, ‘Introduce frequent flyer levy, government told’
55. Simon Evans and Josh Gabbattis ‘COP25: Key outcomes agreed at the UN climate talks in Madrid’ (Climate Brief, 15 December 2019). Available at: https://www.carbonbrief.org/cop25-key-outcomes-agreed-at-the-un-climate-talks-in-madrid
56. ibid
opportunity to influence the world’s approach to loss and damage at COP26. Therefore we are asking the Scottish Government to 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. The Scottish Government should also 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 the conference. In order to develop its position on loss and damage, we suggest that the Government could:

• Provide resources for establishing the Santiago Network on loss and damage and convene a side-event at COP26 to launch the network;
• And; commission work on the issue of loss and damage which unpacks the conflation of the issue with adaptation and resilience, and sets out clearly how it relates to climate justice.
Finance to tackle climate change is not only about quantity, it is also about quality; the way in which climate finance is delivered is fundamental to how effective it is in reducing affected communities’ vulnerability to climate change and in helping reduce climate change itself.

Too often the transaction costs of channelling funds from source to point of use are prohibitive. The ways that climate finance is used to support climate adaptation should take guidance from the Paris Agreement – investment of climate finance in climate adaptation should ensure that the processes are “country-driven, gender-responsive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems, and should be based on and guided by the best available science and, as appropriate, traditional knowledge, knowledge of indigenous peoples and local knowledge systems, with a view to integrating adaptation into relevant socioeconomic and environmental policies and actions, where appropriate”.

Ask: 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.

The quality of finance which aims to tackle climate change can be increased by complying with the following principles of good practice. This is why we are asking the Scottish Government to strengthen the Climate Justice fund by ensuring that new funding is aligned with global principles of best practice.

These principles draw primarily on the work of International Institute for Environmental Development (IIED) and the Commission on Climate Change and Development.

---

57. Paris Agreement, art. 7(5)
• Finance should reach frontline communities hit the hardest by climate change;
• Finance should be adapted to the needs and wants of specific frontline communities in order to promote locally owned processes and policies;
• Finance should be sensitive to socio-economic, cultural and political factors that shape individuals’ and groups’ response and vulnerability to climate change;

These principles relate to ways of targeting, co-designing and contextualisation. All three aspects are vital for high quality climate finance delivery.

How do we finance loss and damage payments?

The Climate Damages Tax (CDT)

The CDT, as developed and advocated for by Stamp Out Poverty, sets out to both lower carbon emissions and increase revenue for climate induced loss and damage. The CDT is an equitable fossil fuel extraction charge, levied on each tonne of coal, barrel of oil or cubic litre of gas produced, to pay for the loss and damages caused to developing countries and poor communities by the impacts of climate change that arise when these products are burnt. Accordingly, the tax is in line with the polluter pays principle. Stamp Out Poverty estimates that CDT could contribute to a global phase out of fossil fuels by 2050. Though Scotland does not have devolved powers to introduce a CDT, it can play a key role in introducing and pushing for this idea with the UK Government. More importantly, the CDT shows that revenue for loss and damage finance will not have to be taken from existing domestic or international spending, but that it can be financed through making fossil fuel companies pay for their contribution to climate change.

Finance Needs to Reach Frontline Communities

There is an urgent need for climate finance to reach frontline communities and people who are already vulnerable due to their socio-economic standing. We need to make sure the money is not only committed towards tackling climate change, but that it reaches those who need it the most. Research done by IIED indicates that rather than being directed at frontline communities, climate finance is largely funnelled into large projects which utilise a one-size fits all approach to tackling climate change. IIED reports that ‘only US$1 in every US$10 committed from global finance funds between 2003 and 2016 was for local level climate actions’. 59

In order to reach frontline communities, the IIED suggest that: 60

- Finance should be delivered through frontier funds
- Finance should be delivered through devolved governments and sub-state entities

Finance Should be Adapted to the Needs and Wants of Specific Frontline Communities in order to Promote Locally Owned Processes and Policies

This principle of good practice is closely interlinked to the first; if climate finance does not reach frontline communities, decisions regarding the best way for communities to tackle climate change is taken by people and institutions removed from the lived experience of communities. This reduces the effectiveness of the finance. Local experiences and insights are key to ensure that finance actually responds to the issues of communities. 61 Ownership is essential for the sustainability of the policies and projects initiated by the finance. 62 To promote incorporation of local experience and knowledge and local ownership finance should:

- Be built on strong relationships between donor and the receiver community, preferably on a sub-state level
- Include local people in decision making processes

Around the world there have been various experiments in local adaptation

---

60. Ibid
61. Ibid
62. Christoplos, I. et al, The Human Dimension of Climate Adaptation: The Importance of Local and Institutional Issues
planning. Good practice can be seen in Nepal, Kenya, Mozambique and indeed Scotland where placed-based adaptation exercises have enabled local people to define and develop local priorities and ways to address them. Furthermore, the IIED highlights how reaching these goals are often more viable through alternative institutions to multilateral banks and UN bodies that traditionally deliver climate finance. This reiterates the interrelated nature of the principles of good practice, and further underscores the importance of funding institutions such the Climate Justice Fund.

Case Study 3: Sustainable Agriculture: Spotlight on Zambia

The effects of climate change have a marked impact on agriculture and food security. Across the global south, people rely on subsistence farming for nutrition and livelihoods. Yet, agriculture is extremely vulnerable to the impacts of climate change and communities are regularly affected by unpredictable and extreme weather patterns, droughts, and floods. Hunger is not the only challenge; poor nutrition and food insecurity increase vulnerability to emergencies such as the coronavirus pandemic.63

In central Zambia, unpredictable droughts over the last few years have severely affected access to food. Widespread crop failure has meant harvests have been limited and food prices have rocketed. Most people live on only three meals a week. Such chronic food insecurity and poor nutrition has led to an increase in disease outbreaks, including cholera, tuberculosis and malaria.

Women and girls have been hardest hit. Agriculture is predominantly done by women, and droughts have led to increasing risks of sexual and gender-based violence. Education levels are falling as children are forced to look for alternative incomes to support their families; poor harvests mean less income to pay for school fees. Children are also at increased risk of child labour and early marriage.

Sustainable organic agriculture has helped to combat the effects of climate change induced drought. Local crop diversification, animal fertilisers, and recycling of domestic water for irrigation not only help to limit carbon emissions (mitigation), they are also more resilient against the effects of climate change that are already being felt (adaptation).  

It is crucial that small-scale food producers are able to become more resilient to such changes. The FAO has highlighted sustainable agriculture as a vital form of climate change adaptation and mitigation, and key to achieving sustainable development. However, despite the importance of sustainable agriculture in the fight against climate change, global finance for agriculture has stagnated.

Finance Should be Sensitive to Socio-Economic, Cultural and Political Factors that Shape Individuals’ and Groups’ Response and Vulnerability to Climate Change

Sensitivity to socio-economic, cultural and political factors which shape individuals’ and groups’ response and vulnerability to climate change is necessary for finance to be adapted to the needs and wants of frontline communities and thus to be effective. A key hindrance to the effectiveness of climate finance in particular is its general lack of focus on the specific needs of women and girls. The Organisation for Economic Co-Operation and Development (OECD) reports that only 3% of climate finance is primarily directed at women and girls or wider gender equality goals. Only 26% of climate finance have this as their secondary goal. Scotland’s Climate Justice Fund and climate change strategy also lacks a clear recognition of the disproportionate effects of climate change borne by women and girls.

64. Case study acknowledgements: Caritas Kabwe and SCIAF
66. Donor Tracker ‘Agriculture’ (28 August 2020) Available at: https://donortracker.org/sector/agriculture
68. ibid
The Need for Gender Sensitive Finance

Women and girls are disproportionately affected by climate change, especially in frontline communities, due to their socio-economic status.\(^\text{69}\) Climate change affects the world’s poorest the hardest, and today the majority of the world’s poor are women and girls.\(^\text{70}\) Women’s livelihoods are to a larger degree than men dependent on climate sensitive sectors, such as forestry, water and agriculture. Additionally, women and girls are often leading coping mechanisms to climate change in their communities.\(^\text{71}\)

The disproportionate effect of climate change on women and girls, and the importance of advancing gender equality in efforts to tackle climate change is recognised in a range of international instruments, including The Beijing Declaration and Action Plan\(^\text{72}\) and Sustainable Development Goal (SDG) 13 on tackling climate change. Unless there is clear engagement with the gender implications of climate change, the male-informed understanding of climate change is allowed to prevail in both climate change finance and climate change response. Considering the disproportionately negative effect climate change has on women, this means a significant amount of finance is not reaching or covering the needs of those most affected. The flipside of this is that by considering these gender implications, and directing climate finance directly at gender equality goals, there is an opportunity to increase the extent to which finance reaches frontline communities and consequently the effectiveness of finance.

---

\(^{69}\) UN Human Rights Office for the High Commissioner ‘The effects of climate change on the effects of human rights’


\(^{71}\) Gendernet ‘Making climate finance work for women: Overview of the gender equality in aid to climate change’

\(^{72}\) Beijing Declaration and Action Plan, adopted at the Fourth World Conference for Women, UN Doc. A/CONF.177/20/add.1, (27 October 1995) Para 10:
5. Conclusion

With COP26 taking place in Glasgow, Scotland is in a unique position to demonstrate global leadership on tackling the climate emergency. Scotland’s devolved context is crucial to both using its own jurisdiction to take real action wherever it can, while also influencing and pressuring the global participants of COP26.

Therefore, the Scottish government should:

- Significantly increase the Climate Justice Fund with new and additional finance, such as from a high-emitter tax
- 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
- Undertake a review of the Climate Justice Fund to build on its success, ensuring that it is fully aligned with global best practice in climate adaptation globally
- 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.
- 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

Implementing innovative policy solutions in Scotland that can demonstrate leadership at the global stage. It means making a concerted effort to promote Scotland’s already impressive track-record on climate, and demonstrating continued climate leadership by improving its commitments to the global south. When COP26 comes to Glasgow, those who are already suffering from the climate crisis will be looking to Scotland to lead the way, to be on the right side of history, and to play its part in delivering solutions which protect the poorest from further climate chaos.
Bibliography

Primary Literature

Air Departure (Scotland) Act 2017

Climate Change (Emission Reduction Targets) (Scotland) Act 2019


Paris Agreement to the United Nations Framework Convention on Climate Change (Adopted 12 December 2015, entered into force 4 November 2016), UNTS 54113 (Paris Agreement),


United Nations Human Rights Council (HRC) ‘Analytical study on the relationship between climate change and the human right of everyone to enjoyment of the highest attainable standard of physical and mental health’, UN Doc. A/HRC/32/23 (May 2016),


Secondary Literature

A Free Ride, ‘Why is it a good idea?’, (2020) Available at: http://afreeride.org


British Columbia, ‘British Columbia’s Carbon Tax’, (No date) Available at: https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/carbon-tax


Cabinet Secretary for Finance, ‘Taxes: Air Departure Tax’, (Scottish Government, No date), Available at: https://www.gov.scot/policies/taxes/air-departure-tax/


Climate Focus, Briefing Note: Loss and Damage in the Paris Agreement, (December 2015) Available at: https://climatefocus.com/sites/default/files/20160214%20Loss%20and%20Damage%20Paris_FIN.pdf

Donor Tracker ‘Agriculture’ (28 August 2020) Available at: https://donortracker.org/sector/agriculture


Hausfather, Z. ‘Analysis: How much “carbon budget” is left to limit global warming to 1.5C?’ (*CarbonBrief*, 9 April 2018)


International Institute for Environmental Development (IIED) ‘Briefing: Financing local response to poverty, climate and nature’ (June 2019) Available at: https://pubs.iied.org/pdfs/17711IIED.pdf


Scottish Government, ‘Arctic Circle Assembly 2016: First Minister’s Speech’ (October 2016) Available at: https://www.gov.scot/publications/arctic-circle-assembly-2016-fm-speech/


Topham, G. ‘Aviation’s flight towards low emission only fuels the crisis’ (*The Guardian*, 19 September 2019) Available at: https://www.theguardian.com/business/2019/sep/19/aviations-flight-towards-low-emissions-only-fuels-the-crisis

UN Climate Change Conference UK 2021 ‘COP26’ (No date). Available at: https://www.ukcop26.org/

United Nations Climate Change ‘Conference of the Parties’, (No date) Available at: https://unfccc.int/process/bodies/supreme-bodies/conference-of-the-parties-cop

United Nations Climate Change, ‘Quebec’s International Climate Program’, (No date) Available at: https://unfccc.int/climate-action/momentum-for-change/financing-for-climate-friendly-investment/Quebec-International-Climate-Cooperation-Program

United Nations Human Rights Office for the High Commissioner ‘The impact of climate change on the effective enjoyment of human rights’ (No date) Available at: https://www.ohchr.org/EN/Issues/HRAndClimateChange/Pages/AboutClimateChangeHR.aspx

Wewerinke-Singh, M. *State Responsibility, Climate Change and Human Rights under International Law* (Bloomsbury, 2019) Chapter 3

10:10 Climate Action, ‘Public attitude to tackling aviation’s climate change impacts’, (January 2019) Available at: https://s3-eu-west-1.amazonaws.com/media.afreeride.org/documents/Aviation_briefing_Jan2019+FINAL.pdf