

# INTERNATIONAL CLIMATE FINANCE FROM A HUMAN RIGHTS PERSPECTIVE

Policy brief – February 2020

# INTRODUCTION

Today, the world faces the dual challenge of combating global poverty and at the same time stopping global warming. International resource mobilisation and financial support for developing countries – where resource mobilisation is an important part – are crucial for this to succeed. All development funding, including climate finance, must be based on a clear poverty- and human rights perspective in line with international agreements.

Climate finance is a type of support that today lacks an agreed upon definition. However, there is a consensus that this is about financial support, with the aim of helping resource-poor countries and societies to meet the challenges posed by climate change. This may include support for adaptation in agriculture and forestry as well as the development of energy systems based on renewable energy.

**"This policy brief takes a closer look at the link between human rights and climate finance".**

In order for climate finance to contribute to both climate change and sustainable development, it is crucial that climate support for developing countries is clearly formulated on the basis of poverty and human rights perspectives and principles of development effectiveness. This policy brief takes a closer look at the link between human rights and climate finance and makes recommendations to strengthen this link in practice.

# HUMAN RIGHTS AND CLIMATE CHANGES

During the 2010 climate negotiations in Cancun, Mexico, the world's countries agreed on significant steps forward in integrating human rights into climate work at all levels. The decision text, which was then adopted, contains clear wording that the countries of the world should fully take into account their responsibility to protect human rights in all climate-related efforts. The wording, based on human rights, should constitute guiding principles in planning climate related efforts, at all levels, by all actors.

The Paris Agreement of 2015 confirms the link between human rights and climate change in the introductory text:

*Acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity,*

However, the tough negotiations in Paris resulted in weak statements and a lack of concrete commitments on human rights in the operative decision text. Nonetheless, the agreement is clear that all parties must respect human rights when implementing climate measures – regardless if it is climate adaptation, conversion or emission reductions. The climate issue is not only or primarily a physical or environmental problem but also an ethical and human rights issue that deals with people's lives and development opportunities.

All of us humans are dependent on the environment in which we live. A safe, clean and healthy environment is necessary for our human rights – such as the right to life, food and water and sanitation – to be fulfilled. In recent years, the link between human rights and the environment has become increasingly recognised. The number of national laws, cases and academic studies linking human rights and the environment has increased rapidly. Many states have included the right to a healthy environment in their constitution. The UN now has a Special Rapporteur for the area of human rights and the environment.<sup>1</sup>

At the same time, there have been extensive and intensive discussions on human rights considerations in climate negotiations. In particular, developing countries, not least small island states and other vulnerable countries, have long worked to strengthen the link between human rights

<sup>1</sup> <http://www.ohchr.org/EN/Issues/Environment/SREnvironment/Pages/SREnvironmentIndex.aspx>

and climate change. These countries are already affected, to a great extent, by global climate change, for example, in the form of water level elevations, droughts and extreme weather conditions. But some countries believe that human rights violations cannot be demonstrated in a legal sense by pointing to climate change. However, there is consensus that climate change is affecting other human rights.

A changing climate also results in heat waves, and a generally warmer climate, which can spread disease and lead to a deteriorating standard of living for many people, especially

people living in poverty and vulnerability. A changing and more erratic climate may also make it difficult for people for people engaged in small scale farming to make a living. Even at a global level, climate change risks seriously endanger food security for the entire population of the earth.

The more the global temperature rises, the greater the risk of severe weather phenomena. Extreme storms, floods and fires are a direct threat to human life around the world today. Low-lying coastal countries and island states are at risk of disappearing as the sea levels rise.

# THE ROLE OF THE HUMAN RIGHTS PERSPECTIVE IN SWEDISH POLITICS FOR GLOBAL DEVELOPMENT

For a long time, protecting the human rights has been a cornerstone of Swedish foreign policy for most political parties in the Parliament. The Swedish Government expresses its efforts to promote and increase respect for human rights as a priority and something that should permeate all aspects of foreign policy. This is also in line with the UNs Agenda for Sustainable Development – Agenda 2030 – which emphasises the importance of applying a human rights perspective in international development work.

The human rights perspective is a key element in both Swedish foreign policy and Swedish policy for global development. The Swedish Government is clear in its efforts to work to strengthen the link between human rights, democracy and development and to ensure that this work shall be characterised by coherence and consistency.

Among other things, the policy states that all political areas shall contribute to fair and sustainable global development and places emphasis on elucidating political goals and conflicts of interest that pose a risk to collaboration and coherence. The government specifically raises the issue of climate change as an area where coherence is particularly important. According to the current government's goal, development work shall be permeated by a human rights and a poverty perspective. Therefore, this places clear requirements on how Sweden formulates its environmental and

climate policy – as well as how one acts in international forums such as the World Bank and the UN Green Climate Fund – which are also covered by the the Swedish policy for global development.

*In the document "The policy for global development in the implementation of Agenda 2030", the government writes that "the enjoyment of human rights can be affected by environmental degradation and climate change, including the rights of indigenous peoples" and that Sweden thus aims to "work for ambitious environmental and climate goals for international financial institutions, which include advocating for changes in procurement regulations, concrete and ambitious goals in the institutions' performance frameworks and strengthening wording in policies in this area".*

**"According to the current government's goal, development work shall be permeated by a human rights and a poverty perspective".**

# INTERNATIONAL CLIMATE FINANCE

Climate finance has been a central concept, and a stumbling block, in international climate negotiations. The issue has been marked by clear dividing lines between, on the one hand, the world's high-income countries (the donor countries), and on the other, the world's middle and low-income countries (the recipient countries).

Climate finance looks different today. For the most part, it is about aid with some kind of climate perspective. For example, climate finance is channelled through bilateral support – from one country to another – or through multilateral support – from one country to a global development bank or fund, which then provides climate support to developing countries. It is increasingly more about private sector investment. An example of multilateral contribution is the support provided by international climate funds, such as the World Bank's various environmental funds, e.g. Global Environment Facility (GEF) and the Adaptation Fund, or the United Nations Green Climate Fund (GCF).

**"Climate finance looks different today. For the most part, it is about aid with some kind of climate perspective".**

One challenge that characterises the climate finance negotiations is that there is still no clear and agreed definition of what shall be considered as climate finance. The countries that are designated as donor countries are normally the group of countries that are pushing to include different types of flows in the definition of climate finance; such as loans, guarantees, export credits and aid. The countries that are designated as recipient countries are pushing for the principle of additionality and that climate finance shall consist of new funds in addition to aid.

The lack of a clear definition makes it difficult to reach consensus on how much climate finance is actually mobilised. A 2016 OECD report states that international climate finance flows are higher than previously estimated, and that the world's donor countries are well on track to reach the goal of \$100 billion annually as of 2020. However, the numbers in the report have been criticised by, among others, G77 and civil society organisations who believe that the OECD uses too broad of a definition and does not take into account the principle of "new and additional funds".

Without a definition, it also becomes more difficult to get a clear picture of what the flows look like, where they come from and to what extent climate-funded efforts take into consideration do-no-harm and human rights, in accordance with the Paris Agreement.

## CLIMATE FINANCE – A BACKGROUND

In the Convention on Climate Change that was adopted at the Rio Earth Summit Conference in 1992, the countries of the world agreed that the industrialised countries should contribute financial support and resources to developing countries to enable climate adaptation and conversion. According to the Convention on Climate Change, the support shall consist of new and additional funds – that is, in addition to existing aid funds. Since the decision was made, it has been discussed in climate negotiations how this support should be mobilised.

At the Climate Change Summit in Copenhagen in 2009, a clearer promise was made to provide financial support to developing countries. In part, developed countries promised to provide the so-called fast-start money for the period 2010–2012 (\$30 billion), and in part, the so-called \$100 billion target was adopted, which means that from 2020, the world's rich countries shall mobilise \$100 billion annually in support to developing countries. Since then, the

discussion on the concept of climate finance has intensified, and with it the discussion on how this money should be mobilised, by whom, and what money shall be counted as climate finance.

Through the Paris Agreement, which was adopted at the UN Climate Summit (COP21) in December 2015, the dividing line between donor countries and recipient countries has become less clear. The Paris Agreement invites all countries to contribute based on their ability, and today even countries that are not considered high-income countries (according to the classification of the Climate Convention) contribute to climate finance, for example, South Korea, Chile and Mexico. The promise made in Copenhagen in 2009 that the world's richest countries shall mobilise resources for developing countries remains. It is important to ensure that the commitments that apply from 2020 are met.

## PRINCIPLES FOR DEVELOPMENT EFFECTIVENESS

Since 2003, a series of international conferences have been held, with the aim of developing criteria for more effective global development cooperation. The conferences that are considered to be the most important for the development of these principles took place in Paris, Accra and Busan. These meetings resulted in frameworks that include different criteria for effective development cooperation.

The **Paris Declaration from 2005** is an agreement between states and multilateral actors. It highlights five principles: (1) The principle of democratic ownership; (2) Alignment with the partner countries' national strategies and priorities; (3) Harmonisation and coordination among donors; (4) Managing for results, with focus on development and poverty reduction as well as (5) Mutual accountability between donors and partner countries, in terms of results and management.

At the **Accra Agenda for Action in 2008**, decisions were made to improve the implementation of the decisions

made in Paris. The meeting highlighted, in particular, the importance of democratic ownership and that it is not only state ownership that shall be taken into account but also the democratic space, which allows civil society organisations to operate freely.

Civil society organisations were thus ascribed central importance as an actor in their own right in international development cooperation.

The **Summit in Busan in 2011** meant an expanded agenda, where discussions went from talking about aid effectiveness to talking about development effectiveness instead. The Busan Partnership also reinforced the importance of a democratic, inclusive development cooperation with a clearer role for civil society actors, both private sector actors and development actors. In addition, the Busan Partnership meant that more focus was placed on development results rather than just ensuring that aid was communicated effectively.

# HUMAN RIGHTS BASED CLIMATE FINANCE

A human rights-based approach to climate finance means that the human rights framework shall be a central starting point in policies and mechanisms for financing and implementing measures for emission reductions and climate adaptation. Respect for human rights, as well as human rights-based principles such as non-discrimination and participation, must be maintained at every stage of climate-related efforts and processes – in planning, policy formulation, finance, implementation, monitoring and evaluation. A prerequisite for long-term prevention of climate change and contributing to climate adaptation for people living in poverty and vulnerability is to ensure the human rights perspective when funding sources and that mechanisms for distribution are planned and designed.

A human rights-based approach means that one starts out with the international human rights framework, which includes five basic normative principles:

- *Participation*
- *Accountability*
- *Non-Discrimination*
- *Empowerment*
- *Linking to the human rights framework*

Internationally, these principles are called PANEL principles (Participation, Accountability, Non-discrimination, Empowerment, Linking). These principles should always guide the development of, and control over, the mechanisms and institutions that manage policies and implementation linked to climate finance. Below are examples of how these principles are relevant for climate finance.

## Participation

The principle of participation is about the right of people to participate meaningfully in decisions that affect them. The right to participate in decision-making processes is well in line with international agreements, in particular, the Rio Declaration, Agenda 21 and the Aarhus Convention, which all state that the best decisions on environmental and climate change are made through active participation of civil society actors.

In many cases, climate action related to adaptation or conversion to renewable energy can highlight the importance of the need for democratic participation. This could, for example, involve energy investments that require large land areas, such as the development of wind turbines and water dams. People who live and reside in places that are used for large-scale projects can be compromised unless the principle of participation in the decision-making process is taken into account. This, in turn, can have a negative impact on people's opportunities for sustainable livelihoods.

### **Accountability**

Efforts financed through climate finance need to have structures that ensure clear lines of accountability and opportunities for affected groups to appeal decisions that adversely affect them. It must also be possible to extract responsibility afterwards. This requires systems and processes that are based on openness and predictability. Accountability is closely linked to issues of procedure – such as transparency, access to information, the opportunity to conduct fair trials and also to the principle of participation. These principles are well established under both the human rights framework and international environmental law.

The United Nations Framework Convention on Climate Change (UNFCCC) has accountability as an important principle. Article 11 states that the management of financial mechanisms shall be based on a transparent system, with public reporting and publishing of information.

### **Non-Discrimination**

Vulnerable groups, especially women, children and indigenous peoples, often suffer more than other groups from climate changes as well as negative aspects of climate change adaptation and energy conversion efforts. With a rights-based approach to climate finance, the institutions responsible for climate finance policies and dissemination, and associated decision-making processes, must ensure that existing inequalities are taken into account and discriminatory approaches are prevented. The concept of gender-integrated human rights-based work is sometimes used to emphasise that non-discrimination includes, among other things, prohibition of discrimination on grounds of gender.<sup>2</sup>

At the same time, the people and societies that have contributed least to climate change are often the ones who suffer the worst from its consequences. This ethical dimension, which the Act Church of Sweden speaks about in terms of climate justice, has a clear bearing on the requirement of non-discrimination.

### **Empowerment**

Climate finance should help to strengthen people's empowerment and ability to deal with climate change. The efforts made should be based on local participation in decisions and ensure that local knowledge is utilised. Directed efforts should also be made to reach the most vulnerable groups, with the aim of strengthening these groups' empowerment, by giving them access to knowledge and information about climate risks and how they can be managed.

### **Linking to the human rights framework**

A human rights-based approach to climate finance clearly needs to be linked to the human rights framework, which provides that states are always obliged to respect and satisfy human rights, even when it comes to climate-funded efforts and measures. This is also in line with the Paris Agreement. This requires basic human rights and risk analyses, broad consultations with relevant stakeholders – especially those that are not necessarily included in the decision-making process. It also requires that there are established mechanisms that make it possible to account for responsibility, appeal and participate in dialogue.

**"A human rights-based approach means that one starts out with the international human rights framework, which includes five basic normative principles".**

<sup>2</sup>) <https://www.svenskakyrkan.se/filer/c9b9b910-09a0-43ef-8602-409e7114b2fa.pdf>

# RECOMMENDATIONS FOR CLIMATE FINANCE FROM A HUMAN RIGHTS PERSPECTIVE

## ACT CHURCH OF SWEDEN RECOMMENDS THE SWEDISH GOVERNMENT TO:

- Work actively to ensure that international climate finance in all respects, both bilateral and multilateral support, is designed in accordance with international human rights agreements and obligations.
- Work to ensure that the principle of human rights-based climate finance has an impact on the multilateral funds in which Sweden operates – in particular, with regard to the UNs Green Climate Fund and the World Bank.
- Work to promote that the principles of development efficiency are also upheld when it comes to the Swedish contributions to international climate finance, in particular, those relating to democratic ownership, harmonisation of support, and mutual accountability between donors and partner countries in terms of results and management.
- Work to promote the so-called PANEL principles so that they permeate the development of, and control over, the mechanisms and institutions that handle policies and implementation linked to climate finance, both at the national and international level.
- Work actively within the framework of the UNFCCC to establish an agreed upon definition of climate finance that takes into account UNFCCC Art 4.3. on “new and additional funds”.

# REFERENCES

*Aarhus Convention on access to information, public participation in decision-making and access to justice in environmental matters*, UNECE, 1998, <https://www.unece.org/fileadmin/DAM/env/pp/documents/cep43e.pdf>

*The Cancun Agreement*, COP16, UNFCCC, 2010, <https://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>

*Climate finance in 2013-14 and the USD 100 billion goal*, OECD in collaboration with Climate Policy Initiative (CPI), 2015, <https://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.pdf>

*COP 21 and the Paris Agreement: A Force Awakened*, Henrich Böll Foundation, 2015 <https://in.boell.org/en/2016/01/05/cop-21-and-paris-agreement-force-awakened>

*The Copenhagen Accord*, COP15, UNFCCC, 2009, <http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf>

*“Gender inclusive rights based manual”*, ACT Alliance, 2015, <https://actalliance.org/capacity-building/gender-inclusive-rights-based-manual/>

*Human Rights Implications of Climate Change Mitigation Actions*, Carbon Market Watch, 2015 <https://carbonmarketwatch.org/publications/report-human-rights-implications-of-climate-change-mitigation-actions/>

*The Paris Agreement*, UNFCCC, 2015, [http://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](http://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)

*Policyramverk för svenskt utvecklingssamarbete och humanitär bistånd*, Utrikesdepartementet, Skr. 2016/17:60, 2016, <http://www.regeringen.se/contentassets/b479d403c2734dc5a847df70414f5d4b/policyramverk-for-det-svenska-utvecklingssamarbetet.pdf>

*Politiken för global utveckling i genomförandet av Agenda 2030*, Utrikesdepartementet, Skr. 2015/16:182, <http://www.regeringen.se/49bbd2/contentassets/c233ad3e58d4434cb8188903ae4b9ed1/politiken-for-global-utveckling-i-genomforandet-av-agenda-2030-skr.-201516182.pdf>

*Rights-based development from a faith-based perspective*, Joint Position Paper Rights and Development Group, ACT Alliance, 2008 <https://actalliance.org/documents/rights-based-development-from-a-faith-based-perspective/>

*Rights-based frameworks for climate finance*, Jodoin, S., Sustainable development law on climate change - legal working paper series, IDLO - CISDL, 2010 <https://cisdl.org/public/docs/legal/Jodoin%20S%e9bastien%20Rights%20Based%20Frameworks%20for%20Climate%20Finance.pdf>

*Riktlinjer för ett människorättsbaserat arbetssätt inom Svenska kyrkans internationella arbete*, Svenska kyrkan, 2017 <https://www.svenskakyrkan.se/default.aspx?id=1644817>

*Rio Declaration on Environment and Development*, UNFCCC, A/CONF.151/26 (Vol. I), 1992, [https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A\\_CONF.151\\_26\\_Vol.I\\_Declaration.pdf](https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.151_26_Vol.I_Declaration.pdf)

*What is climate finance and where will it come from?* The Guardian, 4 April 2013, <https://www.theguardian.com/environment/2013/apr/04/climate-change-renewableenergy>