



Developing Countries Require Appropriate Means of Implementation to Deal with the Climate Crisis¹

South Centre Statement

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The human caused climate crisis, as *the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)*² clearly put it, is taking us towards a global disaster as never before. This report, issued in August 2021, examined five scenarios about the likelihood to reach 1.5°C global warming in the next 30 years. The analyses of this scientific body found that in each of the five scenarios, the 1.5°C global warming is exceeded sometime in the next 20 years (2021-2040).

The last 6 years, since the adoption of the Paris Agreement, have been the hottest on record. We all are witnessing how severe climate events are affecting all regions in the world, with disastrous flooding in Western Europe, Japan, China, droughts in Iraq, extreme heat and wildfires in North America, South America, Australia and so on. The situation will not improve if we continue down our current path. Any increase in global warming is going to impact negatively on human life and the natural environment. According to the IPCC 2018 report,³ the effects of climate change are going to have negative impacts on almost every human activity. This is the case of health, for example, where some vector-borne diseases, such as malaria and dengue fever will increase. Heat waves will be more frequent, causing more droughts and floods, making farming more difficult, lowering crop yields, and causing

¹ See M. Natalia Pacheco Rodríguez and Luis Fernando Rosales, “Some Key Elements for Developing Countries in Climate Change Negotiations of COP 26: Climate Finance, Article 6 Negotiations and Implications”, Climate Policy Brief, No. 26 (Geneva, South Centre, 2021). Available from <https://www.southcentre.int/climate-policy-brief-26-october-2021/>.

² Intergovernmental Panel on Climate Change (IPCC), *Summary for Policymakers. Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change* [V. Masson-Delmotte, P. Zhai, A. Pirani, S. L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M. I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T. K. Maycock, T. Waterfield, O. Yelekçi, R. Yu and B. Zhou (eds.)] (Cambridge University Press, 2021). In Press.

³ IPCC, *Summary for Policymakers. Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above preindustrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* [V. Masson-Delmotte, P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. MoufoumaOkia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)] (Geneva, World Meteorological Organization, 2018).

food shortages. Rising seas will clearly impact people living in coastal regions, which may be submerged in the coming decades. Small island nations are particularly vulnerable in this regard. The Arctic is already close to having a summer with no ice; once it happens, it will likely happen every year. This had not occurred in at least two million years. Many species of insects, plants, and vertebrates will be at risk of extinction. The consequences will be far worse if the 2°C threshold is reached.⁴

For almost 30 years we have been attending extensive negotiations to address the climate crisis. There have been several international agreements, yet they have proven to be unsuccessful in stopping the worst impacts of climate change. The climate crisis is deepening, and the situation requires moving from promises to action. The world is expecting major decisions to be taken in order to avoid this situation, in particular from developed countries, according to their historic responsibilities. However, negotiations appear to be so far strategies for taking no action.

Climate finance

Having a positive outcome on climate finance is crucial for a successful COP 26. Developing countries require appropriate support to implement their Nationally Determined Contributions (NDCs). In 2009, in the Copenhagen Accord developed countries committed to a goal of jointly mobilizing USD 100 billion dollars a year by 2020 to address the needs of developing countries. This commitment was later ratified in the Paris Agreement (PA) and by Decision 1/CP.21 adopting the PA. However, developed countries have failed to fulfil their commitment.

Developing countries are struggling with a health and economic crisis. They are getting heavily indebted not only to acquire vaccines and other medical technologies, but also to address the basic social and economic needs of their populations. These countries require to have access to “new and additional” resources as stated in Article 4.3 of the United Nations Framework Convention on Climate Change (UNFCCC) to be able to face climate change.

Climate finance must provide financial resources in the form of grants instead of loans in non-concessional or semi-concessional terms. Commercial loans should not be counted as part of climate finance. These loans are only going to increase the debt distress in developing countries, and the climate crisis will end up being borne by developing countries.

Therefore, an operational definition of climate finance is essential to avoid the classification of loans in commercial or non-commercial terms as climate finance. The definition should aim to differentiate grants, loans, in particular, non-concessional, or semi-concessional loans and other non-grant instruments as part of the \$100 billion commitment of developed countries. An appropriate methodology of accounting should be created accordingly.

Resources for adaptation are fundamental for developing countries. The current status of climate finance reflects that most of the resources have been allocated to mitigation. Mitigation finance continues to represent over two-thirds of total public climate finance provided and mobilized. Adaptation finance is a priority for developing countries to deal with a problem not caused by them. At COP 26, a clear global public finance goal only for

⁴ IPCC, *Summary for Policymakers. Global Warming of 1.5°C*, p. 9.

adaptation is necessary as a component of the new collective finance that is going to start in 2025.

Article 6 negotiations

Tools provided under Article 6 of the Paris Agreement are thought to increase the level of ambition, and not to serve as an exhaust valve. Rules governing cooperative mechanisms have to increase ambition in all elements under negotiation to contribute to equitable and sustainable development and support alternative approaches

The governance, transparency and ambition of internationally transferred mitigation outcomes (ITMOs) remain an issue. The new rules will need to ensure close international oversight and transparency, set limits to guarantee endogenous actions and enable cooperation to support the diversity of NDCs. Furthermore, it would be crucial that ITMOs contribute with a share of proceeds to adaptation in accordance with the spirit of Article 6. Rules would also be required to limit potential speculation in the trade of ITMOs and ensure a real contribution of this approach to more ambitious emission reductions and the technological transformations needed.

Non-market approaches under Article 6.8, highly relevant for many developing countries, require an institutional approach with a clear mandate, technical expertise, adequate time and resources. This could help further the discussions, including the exchange of experiences, development of guidance, and implementation review.

Finally, mainstreaming social and environmental safeguards and integrating equity considerations in the negotiations of Article 6 will be central to achieve the Paris goals, avoiding that those with higher capacities and responsibilities wave away their obligations including through the use of market approaches.