



2023 Financing for Development Forum

Session: *Climate financing for adaptation and the SDGs*

Statement by Carola Mejia of Latindadd on behalf of Civil Society FfD Mechanism (including the Women's Working Group on FfD)

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Good afternoon to all Member States, UN agencies and colleagues,

I'll speak on behalf of LATINDADD and the FfD Civil Society Mechanism.

The climate crisis, as other environmental crises, **has been caused by unsustainable economic models which depend deeply on fossil fuels and the excessive exploitation of natural resources in the name of "economic growth"**, mainly for the benefit of the Global North, small wealthy groups, and the fossil fuel industry.

The real solutions should come from these main polluters, but existing environmental and climate commitments are highly insufficient, less progress is being made for implementation, and false solutions are being promoted.

The recent IPCC report shows that if the current policies remain the same, they will lead the world to a very dangerous pathway in which climate impacts will be more frequent and more devastating year on year, with disproportionate impacts for historically marginalized and discriminated groups like women, indigenous communities, rural farmers, poor families, the elderly, children, among others.

According to IPCC estimates, approximately 3.6 billion people live in contexts that are highly vulnerable to climate change. These people live mostly in Global South countries like mine, Bolivia, which ironically are the least responsible for this global problem.

Climate extreme events and slow progress impacts are putting people's lives, ecosystems, water and food security at risk, causing displacement and migration and representing billions of dollars in economic losses and damages that are being covered with debt.

In this sense, **adaptation to the climate crisis should be a priority for the Global South, but our countries lack enough fiscal space to invest in climate resilience, especially in this context of multiple crises.**

Therefore, international climate finance could play an important role. **Unfortunately, climate finance commitments adopted under the UNFCCC by the historically main polluter countries have been unfulfilled and adaptation has received only 24% of these resources in 2020.**

Other problems include the lack of direct access windows for the most affected groups of the population; very long and inefficient processes; and lack of transparency due to the lack of an agreed unique methodology to monitor climate finance flows.

It is worrisome that 62% of adaptation climate finance has been delivered through loans, increasing the already high debt levels in the Global South. These loans are usually very expensive for countries with high climate vulnerability, which is very unfair.

And this brings us to the discussion on the role of the private sector.

Considering the lack of interest these investors have in funding climate resilience if they don't receive profit, **we don't agree on considering private investments as the magical solution for adaptation, unless we make big polluters pay through progressive taxation. Therefore, adaptation measures should be financed mainly through public grants.**

We usually hear there are not enough public resources to fight the climate crisis, or to replenish the Adaptation Fund, which is very important for our countries, but we can clearly see these resources are there, but they are going to sectors that are harming people and the planet.

For example, in 2021, 1 trillion dollars went to fossil fuel subsidies and 2 trillion went for military expenditures the same year, before the war in Ukraine started. Political will is urgently needed to redirect this public money to save lives, to save our children and to save our planet.

In the other hand, **Multilateral Development Banks are playing a highly insufficient and criticized role, channeling 91% of their climate finance through loans, most of them non-concessional.** And, in the framework of an institutional reform, they are considering increasing their lending, which, if not concessional, will not solve the climate crisis and obviously will make the debt crisis even worst.

Considering the limitations of UNFCCC climate finance architecture that is neocolonial and needs to be reformed, and the lack of time we have to tackle the climate crisis before it's too late, it is important to think of other alternatives to find rapid and efficient ways to mobilize resources to vulnerable countries.

Debt relief from bilateral and multilateral creditors could be key to create liquidity in the Global South to invest in resilience. A new allocation of Special Drawing Rights for the climate agenda and the SDGs, could be very helpful, especially if the allocation criteria is based on climate vulnerability and needs, and not in the country participation quota in the IMF.

We demand that developed countries deliver new and additional, non-debt creating climate finance well beyond the unfulfilled current 100 billion dollars pledge, considering real needs and prioritizing direct access for most vulnerable groups.

We call for adaptation funding to be at least doubled and to be 100% in the form of public grants.

It is an obligation of most polluter countries to repair their historical "climate debt" and to be the ones making more effort to tackle the climate crisis, stopping fossil fuel investments, reducing their consumption and promoting real systemic transformations now.

Environmental and climate finance is not about solidarity between the North and the South, it is all about reparations, accountability and justice. Thank you very much.