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Social movement against corruption

UN Climate Summit: COP-29

TIB Policy Brief for Bangladesh Delegation

The 29th Conference of the Parties (COP) to the UN Framework Convention on Climate Change to be held in Baku, Azerbaijan on November 11-22, 2024 will give utmost importance to setting new targets for post-2025 climate finance to rapidly reduce greenhouse gas emissions and address the negative impacts of climate change. The conference will also focus on the expansion and transition to renewable energy to limit global temperature rise to 1.5 degrees from pre-industrial times through increased national commitments in updated Nationally Determined Contributions (NDC) submitted by 2025. The conference agenda will also include energy transition, loss and damage funds, environment and biodiversity conservation, land use and urban management[1]. Therefore, the following issues of good governance become important in the decision-making process on climate finance and other agenda items of the Baku conference.

01. **Lack of transparency in climate finance's new target-setting process:** At the 2015 Climate Summit, a committee was formed to set new collective quantified goals (NCQG) for climate finance by 2025. This committee will complete its activities in 2024[2]. Major challenges of good governance within these activities are-

- **Absence of a roadmap for setting new climate finance goal and mobilizing them:** To address climate adaptation, loss and damage, climate mitigation as well as energy transition, there are still no plan of action or roadmap developed to set climate finance goal post 2025 detailing timely disbursement mechanism[3].
- **Failing to set financing targets according to the needs of affected countries:** The payment of $100 billion annually from 2020 was a political commitment that did not take into account the needs of affected countries. On the other hand, the committee on NCQG has also not taken steps to consider the needs of affected countries using scientific methods for setting new goals for climate finance from 2025 onward.

02. **Deficit in the delivery of pledged climate fund:** Climate funding pledged in the Paris Agreement is voluntary instead of being mandatory. This has resulted in difficulties in obtaining the required climate finance flows needed for developing countries. Major challenges affecting climate funds include –

- **Deficit in disbursement of pledged funds:** Although climate finance commitments crossed $100 billion for the first time in 2022[4]., there are governance challenges associated with the accounting and disbursement processes[5]. As of 2016, developed countries annually contributed $82 billion of climate finance on average. However, there is no progress in disbursing the promised $100 billion every year in a transparent and timely manner, including bridging the previous years' deficit.

[1] United Nations University, 2024. https://unu.edu/ehs/news/5-highlights-expect-cop29-baku
[2] UNFCCC, 2024. https://unfccc.int/documents/641326
[3] IIED, 2023. https://www.iied.org/new-climate-finance-goal-making-what-must-happen-2023
[4] OECD, 2024. https://www.oecd.org/en/publications/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2022_19150727-en.html
[5] Center for Global Development, 2024. https://www.cgdev.org/blog/100-billion-climate-finance-provided-fact-or-fiction

- **Double counting of climate finance:** Due to the definitional ambiguity of climate finance and the lack of a consensus and accepted methodology of calculating the flow of funds, there is an opportunity for showing official development assistance as climate finance. Developed countries are obfuscating climate finance with development aid in the absence of any scrutiny. Whereas developed countries have declared contributing a total of $83.3 billion of climate finance in 2020, only $20 billion of the total were principally climate related funding[6].
- **Expansion of debt instruments in climate finance:** In the absence of a consensus-based definition of climate finance in the Paris Agreement, developed countries are disbursing 'new' and 'additional' aid in the form of conditional loans[7], which is contributing to additional debt burdens for the population of climate vulnerable countries[8]. Seventy percent of the total climate finance commitment till 2024 is made through debt instruments[9]. As of October 2023, loans account for 40.6% ($5.49 billion) of the total commitments from the GCF[10].
- **Conditions for accessing climate finance and dominance of international financial institutions:** Accessing global climate funds, such as the GCF, is difficult for climate vulnerable countries due to stringent criteria that include co-financing conditions. International financial institutions are exploiting this opportunity of providing loans to the affected countries by registering as implementing agencies of major climate funds. Out of the 129 countries that have received financing from GCF, 97.7% have projects implemented through international organizations[11].

03. Inadequacy of climate funds: Developing countries need at least $6 trillion by 2030 to implement their NDCs[12]. Even if disbursement of $100 billion per year starts from 2024, it will be insufficient compared to the needs[13]. As a major source of climate finance, the GCF has disbursed only $13.5 billion since 2015, which is only 2-3% of the annual commitment of $100 billion[14]. A country like Bangladesh has an average need of $20 billion of climate finance every year from 2020-2030. However, the country only received $710 million from international sources between 2010 to 2024[15]. Allocation to the Bangladesh Climate Change Trust Fund (BCCTF) has also decreased. Besides, a large portion of this fund from previous years (Tk. 873 crore) has been deposited in an inefficient bank like Padma Bank, which lacks the financial solvency to repay before 2038[16].

04. Low priority on adaptation in affected countries: Although adaptation is a priority in affected countries, the allocation it receives is insufficient. Major portions of the $1.3 trillion global climate finance in 2021-2022 from all sources targeted climate mitigation. 98% of the $63 billion spent for climate adaptation were raised from domestic sources[17]. Significant sectors of adaptation like agriculture, forestry, and land management remain underfinanced[18]. The 10 most vulnerable countries, including Bangladesh, received only $23 billion of adaptation finance between 2010-2019, which was less than 2% of the total climate finance during this period[19]. Although there is a mandate for GCF to maintain a 50:50 ratio for adaptation and mitigation, this ratio was found to be 44:56 in October 2023.[20]

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[6] OECD, 2022. https://www.oecd-ilibrary.org/finance-and-investment/climate-finance-provided-and-mobilised-by-developed-countries-in-2016-2020_286dae5d-en;jsessionid=01LQCDqGUoxETaFQ08B_prUha4fYaqHxrW1p4aK2.ip-10-240-5-152
[7] The Daily Star, 17th December 2020. https://bit.ly/3m41Jpt; The Daily Star, 28th July 2021. https://bit.ly/3AZbvgN
[8] UNCTAD, 2023. https://unctad.org/news/climate-finance-goal-works-developing-countries
[9] Debt Justice, 2024. https://www.cadtm.org/Demanding-Debt-Economic-and-Climate-Justice
[10] TIB, 2024. https://www.ti-bangladesh.org/articles/research/6981
[11] TIB, 2024: https://www.ti-bangladesh.org/articles/research/6981
[12] UNCTAD, 2023. https://unctad.org/news/climate-finance-goal-works-developing-countries
[13] Saleemul Huq, 2022. https://www.thedailystar.net/opinion/politics-climate-change/news/100-billion-tackle-climate-change-trillion-too-short-3021476
[14] TIB, 2024: https://www.ti-bangladesh.org/articles/research/6981
[15] Dhaka Tribune, 2 January 2021: https://www.dhakatribune.com/climate-change/2021/01/02/climate-finance-in-bangladesh-a-critical-review
[16] The Business Standard. 12 September 2024. https://www.youtube.com/watch?v=dXcsEnZu4BU
[17] Climate Policy Initiative, 2023. https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/
[18] OECD, 2023. https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/11/development-finance-for-climate-and-environment-related-fragility_b2294ce0/0db04331-en.pdf
[19] Global Landscape for Climate Finance, 2023. https://www.climatepolicyinitiative.org/wp-content/uploads/2023/11/Global-Landscape-of-Climate-Finance-2023.pdf
[20] TIB, 2024: https://www.ti-bangladesh.org/articles/research/6981

05. **Timely implementation of projects:** Approval, disbursement of funds and implementation of the projects do not follow the timeliness specified in the policies and guidelines. There are significant delays associated with the disbursement of climate funds. While the maximum time from approval to disbursement of the first installment of GCF projects is fixed at 180 days, in reality it takes an average of 562 days (minimum 36 days, maximum 2,324 days). 92.2% of the projects did not get fund disbursement within the stipulated time. In 2015, a GCF project approved for Bangladesh received only 12% disbursement. Disbursement delays and slow pace of project implementation add to the damage in vulnerable areas.

06. **Shortfall in grant-based allocations to the loss and damage fund:** Although a fund for loss and damage has been created in the 2023 climate summit, only 23 countries have collectively pledged only $702 million, which is a negligible amount (just 0.2 percent) compared to the needs of affected countries[21]. Among the 10 most polluting developed countries, the United Arab Emirates pledged $100 million, Germany $100 million, the United Kingdom $50.7 million, the United States $17.5 million, and Japan pledged $10 million to the fund. Other top polluting countries including China, Russia, India have yet to make any commitments for the loss and damage fund[22].

07. **NDC implementation delays:** Signatory countries of the Paris Agreement have to submit updated NDCs to the UNFCCC by 2025. However, no targets for carbon reduction have been set in the NDC to achieve net zero by 2050 for the economic sectors where developed countries are connected through trade. Besides, not all sectors of the NDCs are given importance for funding. In particular, less priority is given to the agriculture sector and waste management activities[23]. There is no funding to implement activities including technology transfer in climate resilient waste management[24] . Although as a signatory to the Global Methane Pledge, Bangladesh has committed to reducing methane emissions by 30 percent by 2030 (using 2020 as the base year), there is no roadmap from the waste sector to achieve this target.

08. **Protection of biodiversity and natural resources remain unaddressed:** Conservation of natural resources, protection and restoration of ecosystems, protection of livelihoods, prevention of loss and damage, and sustainable urban management are important to address the impacts of climate change. Moreover, these are the areas where a significant governance deficit exists. Due to the lack of funding in these activities, specific action plans are often lacking. This is specially observed in the:

- **Implementation of projects in Environmentally Sensitive Areas:** Coal, oil and LNG based fossil fuel projects are being implemented in areas that are biodiversity hotspots. Developed countries like Japan, China and South Korea continue to provide financial and technical assistance to coal and LNG based projects in Bangladesh[25]. Fossil fuel-based power projects and hazardous industrial plants are being set up in ecologically critical areas with flawed social and environmental impact assessments.
- **Deficiency in urban management considering climate risks:** Deforestation and encroachment of wetlands and rivers for urbanization continues in climate-vulnerable countries like Bangladesh. As a result, waterlogging, water and waste mismanagement and environmental pollution are increasing along with rising temperatures in urban areas. Cities are becoming unlivable with increased prevalence of various diseases and epidemics driven by climate change. Yet the land, water and waste management activities in urban areas have not been given importance considering climate change impacts.

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[21] UNFCCC 2024a. https://unfccc.int/loss-and-damage-fund-joint-interim-secretariat
[22] UNFCCC 2024b. https://unfccc.int/process-and-meetings/bodies/funds-and-financial-entities/pledges-to-the-fund-for-responding-to-loss-and-damage
[23] UNFCCC 2022. https://unfccc.int/ndc-synthesis-report-2022
[24] Stockholm International Water Institute. https://siwi.org/wp-content/uploads/2024/06/water-in-the-ndcs-increasing-ambition-for-the-future_v2.pdf
[25] Market Force, 2019. https://bit.ly/3C79Y9A

09. **Dominance of Fossil Fuel Companies and Conflicts of Interest at Climate Summit:** Meetings of fossil fuel executives with host country climate conference stakeholders for business purposes, along with the involvement of conference presidents have raised questions about the code of conduct and conflict of interest of those involved in organizing climate summits. The participation and dominance of representatives from fossil fuel companies is gradually increasing in these conferences. Their undue influence in the decision-making process and pressuring for changes in the UNFCCC report in their favor raises questions on their intention for fossil fuel energy use expansion.

10. **Attempts to 'greenwash' in the name of renewable energy:** Although this year's climate conference will emphasize on measures to scale up use of renewable energy, multinational energy companies are emphasizing the long-term implementation of LNG-based energy expansion plans at the conference. Lobbyists announced the adoption of a Hydrogen Action Declaration at the conference, presenting hydrogen as one of the sustainable energy sources[26]. The Bangladesh government has also lagged behind in taking effective steps to promote renewable energy in the past years. Lack of specific laws and policies supporting investment in the renewable energy sector, shortage of land, reduction/conversion of agricultural land etc., have been used as excuses to discourage renewable energy production on the grounds of being expensive.

11. **Fossil fuel use continues in developed countries:** Large coal producing countries plan to increase coal production up to 2030 while oil and gas producing countries have plans for production up to 2050[27]. This plan for global fossil fuel production is dangerously inconsistent with the goals and commitments of the Paris Agreement[28]. Currently, fossil fuels account for 62.4% and 60.5% of total electricity generation in the United States and China respectively[29]. Half of the countries that have announced phasing out coal have increased coal use. In this regard, China has increased coal use by 9 percent and the United States by 14 percent[30].

12. **Flexibility under various conditions of the Enhanced Transparency Framework:** Although the implementation guidelines of the Paris rulebook have been adopted for the implementation of NDC, some conditions have been relaxed in the preparation of reports under the Enhanced Transparency Framework of the rulebook. It is also not mandatory to follow the framework that has been formulated to ensure transparency in financing and other areas. As a result, countries can submit reports on greenhouse gas emissions, adaptation and mitigation activities, and financial assistance provided and received based on opaque data. The majority of the countries, including developed ones, did not provide comparable, complete, and timely information in their reports[31].

TIB's expectations from the upcoming COP-29

TIB is presenting the following demands for the consideration of the concerned parties to ensure the implementation of the Paris Agreement and ensure equity and transparency of the related activities, along with the visible progress in climate finance at the upcoming COP-29.

Issues to highlight at the COP-29 conference by the Bangladesh delegation

01. A realistic climate finance target needs to be set based on the needs of affected countries, and to ensure its timely delivery, countries must work together with developing and small island states.
02. Raise a collective demand for a roadmap from developed countries to implement $100 billion per year as well as new financing commitments, ensuring transparency and accountability.

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[26] COP29 Presidency Action Agenda Letter
[27] Production Gap Report 2023. https://productiongap.org/
[28] UN News, 2021. https://news.un.org/en/story/2021/10/1103472
[29] EDGAR 2024. https://edgar.jrc.ec.europa.eu/report_2024
[30] The Strategist, 2022. https://www.aspistrategist.org.au/the-worlds-appetite-for-coal-was-increasing-even-before-the-ukraine-war/
[31] UNFCCC 2021. https://bit.ly/3m4rvtr

03. An inclusive decision-making process must be adopted to achieve net-zero targets, including a transition to renewable energy by 2050, barring those with conflicts of interest in the fossil fuel sector.

04. Paris Agreement signatory countries must declare that they will not approve or finance any new coal-based projects.

05. Avoid the flexibility to fulfill the Enhanced Transparency Framework commitments and ensure transparency and accountability in adaptation, mitigation and financing activities.

06. Effective initiatives must be taken to improve the integrity of GCF fund management activities ensuring good governance.

07. Ensure timely project approval and disbursement to affected countries from climate funds including the GCF. Adaptation funding must be given priority and the adaptation and mitigation finance ratio must be 50:50 for the affected countries.

08. Developed countries must increase allocation to the loss and damage fund. The fund should prioritize the needs of the affected countries and include only grant-based allocations instead of insurance and loans based on risk assessment.

09. The government needs to take drastic measures to collect the necessary climate funds from developed countries. Under the leadership of Bangladesh, developing countries must put concerted diplomatic pressure on the developed countries to ensure the delivery of promised grant-based financing.

Recommendations for the Bangladesh government

1. The Integrated Energy and Power Master Plan (IEPMP) should be revised to strategically prioritize renewable energy and reduce dependence on fossil fuels.
2. The Bangladesh Climate Change Trust Act, 2010 and the Bangladesh Climate Change Trust Fund (BCCTF) Fund Policy, 2012 should be amended, incorporating penalty provisions for violation of the rules.
3. A declaration should be made by the Government of Bangladesh to commit to reducing carbon emissions and phasing out use of fossil fuels.
4. The NDC should be updated in an inclusive manner with input from all stakeholders. Sectoral targets should be set in the NDC in line with national and international commitments and targets.
5. In order to implement the commitments of NDC, renewable energy projects, including solar power, should be implemented on the land acquired for the planned coal and LNG power projects.
6. Develop a roadmap through inter-institutional coordination to increase direct access to international climate funds, including the GCF, and mobilize the necessary funds.
7. Formulate and implement supportive policies to increase local and international investment in the expansion of renewable energy.
8. Prioritize sustainable waste management in cities by formulating a time-bound action plan to curb methane gas emissions from the waste sector.
9. To meet the expectations of the BCCTF, the allocation in the national budget should be increased in line with the goals and objectives of the fund.
10. Steps should be taken urgently to recover the money deposited by BCCTF in Padma Bank. Persons involved in such decision making with the bank must be held accountable.
11. Transparency and accountability, and citizen participation must be ensured in the management, implementation and evaluation of national and international climate funds. The policy of 'zero tolerance' against irregularities and corruption must be adhered.
12. All projects related to climate change must ensure good governance, integrity, and measures to control corruption.

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