

COP28: A year after climate change funding breakthrough, poor countries eye disappointment at Dubai summit

November 10 2023, by Lisa Vanhala



Credit: Pixabay/CC0 Public Domain

At the COP27 summit in Sharm El-Sheikh, Egypt, an agreement to establish a loss and damage fund was hailed as a major breakthrough on one of the trickiest topics in the UN climate change negotiations. In an otherwise frustrating conference, this decision in November 2022 acknowledged the help that poorer and low-emitting countries in

particular need to deal with the consequences of climate change—and, tentatively, who ought to pay.

This following year has seen more extreme weather records broken. Torrential rains created flooding which swept away an entire city in Libya, while wildfires razed swathes of Canada, Greece and the Hawaiian island of Maui.

As these events become routine worldwide, the case grows for an effective fund that can be set up quickly and help those most vulnerable to [climate change](#). But after a year of talks, the fund has, so far, failed to materialize in the way that developing countries had hoped.

I'm writing a book on UN governance of loss and damage, and have been following the negotiations since 2013. Here's what happened after the negotiators went home and what to watch out for when they return, this time at COP28 in Dubai.

Big questions

Many questions were raised and left unresolved in Sharm El-Sheikh. Among them: who will pay into this new fund? Where will it sit? Who will have power over it? And who will have access to the funding (and who won't)?

A transitional committee with 14 developing country members and 10 developed country members was appointed by the UN to debate these questions after COP27. The committee has met regularly over the last year, but at its fourth meeting at the end of October—scheduled as the last session—important questions surrounding the fund, such as who should host and administer it, remained. Discussions broke down without an agreement.

In early November, less than a month before COP28, a hastily arranged fifth meeting presented committee members with a text cobbled together by the two co-chairs from South Africa and Finland as a take-it-or-leave-it agreement. Developing countries agreed to having the fund hosted by the World Bank for an interim period, despite reservations.

Developed countries also objected to the final text. The US wanted to add the adjective "voluntary" to any mention of contributions to the fund. Others argued that the pool of contributors to the fund should be widened to include some [developing countries](#), such as Saudi Arabia, and also private sources of finance. These objections were noted but the text was adopted without them.

These recommendations must now be signed off at COP28, which begins on November 30. With almost 200 countries having to reach agreement on these arrangements and dissatisfaction widespread, the process isn't likely to be straightforward.

The world's bank?

Developing countries have been skeptical of the World Bank as a potential host of the fund for several reasons.

Many delegates worry about the bank's reputation, including the dominance of developed country donors, its emphasis on providing loans rather than grants, and the lack of climate-savviness in the bank's operations. These concerns are likely to reemerge in Dubai.

The US is the biggest shareholder in the World Bank and traditionally, the bank's president has been a US citizen nominated by Washington. Small-island developing states (among the most vulnerable to climate change due to [sea-level rise](#)) have argued for moving the fund away from a donor-recipient model, with all their usual power imbalances, towards

a partnership founded on a shared commitment to protecting the planet.

This will require partial or total reform of the World Bank—and [some argue](#) this is already happening under its new president. But hosting the fund within the bank would still give donor countries disproportionate influence, despite recommendations by the transitional committee that the fund's governing board be composed of a majority of developing country members.

High overhead costs are another concern. One board member of another fund hosted by the World Bank has suggested that the administrative fees the bank charges are rising and absorbing a larger share of aid. This could mean that, for every US\$100 billion offered to countries and communities reeling from disaster, the World Bank will [keep \\$US1.5 billion](#). This will be hard for an institution still [funding](#) the climate-wrecking oil and gas industry to justify.

The types of finance made available by the fund will need to be at odds with the bank's traditional mode of loan financing, by offering grants and other forms of highly concessional lending. Developing countries have consistently argued that loss and damage funding should not increase a developing country's debt burden.

The agreed text says the loss and damage fund will "invite financial contributions", with developed countries expected to "take the lead". Developing countries want developed nations (as the largest historical emitters) to provide funding, but rich nations have pushed back against any notion that they have an obligation to pay.

Rather, while making all the right noises on climate finance, they may gain short-term kudos by simply [rebranding existing forms of climate finance](#) or development aid, rather than offering any new money.

The compensation taboo

One thing you're unlikely to hear at COP28 is "compensation". While [newspaper editors](#) love headlines about reparations, liability and compensation when reporting on loss and damage, and [a rise in climate litigation](#) is making governments and polluting companies nervous, this language is still totally absent in discussion of the issue in the negotiations.

In fact, [research has shown](#) that mentions of compensation in state submissions to the UN declined dramatically after the establishment of the mechanism on loss and damage in 2013. The fine print of the 2015 Paris Agreement noted that loss and damage was "[not a basis for liability or compensation](#)".

I have noticed a taboo emerging around the term within the COP process. Instead, countries are increasingly opting for language such as "solidarity" as the basis for finance. These word choices show where power lies.

All of this is to sound a note of caution going into COP28. Major agreements on loss and damage have historically not lived up to their promises due to bureaucratic forum-shifting (moving topics to venues outside of the UN Framework Convention on Climate Change), delays, and under-resourcing. [The adaptation fund](#) was established in 2001 but only approved its first funding in 2010.

How is the urgent need for support among vulnerable communities and countries going to be met when the pace of progress within the climate change negotiations is glacial at best, and tends to be [particularly slow and unambitious](#) on loss and damage finance?

At COP28, making the loss and damage fund real is a litmus test for the

legitimacy of the entire climate change negotiation regime.

This article is republished from [The Conversation](#) under a Creative Commons license. Read the [original article](#).

Provided by The Conversation

Citation: COP28: A year after climate change funding breakthrough, poor countries eye disappointment at Dubai summit (2023, November 10) retrieved 6 May 2024 from <https://phys.org/news/2023-11-cop28-year-climate-funding-breakthrough.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.