CIVIL SOCIETY FINANCING FOR DEVELOPMENT Mechanism

First Intersessional: Response by the Civil Society FfD Mechanism

25th April 2025

Ecological and Climate Finance (cross-cutting)

1. The **ecological integrity agenda** has to be comprehensive. Therefore we see the relevance of a proposal of including headings and specific segments for different ecological agendas (such as climate change, biodiversity, disaster risk reduction, oceans, and others). Given the correlation of the current economic systems and the ecological and climate breakdowns, it is of utmost importance to have a solid section in the FfD outcome about these cross-cutting issues, not only regarding finance for these agendas, but also that they're discussed in closer interconnections with specific chapters of the FfD text. For example, gender equality and women's human rights are closely interlinked to the fulfilment of the ecological integrity agenda, and go hand in hand. This is the same situation regarding Indigenous People's rights.
2. On ***paragraph 34, in relation to climate change***, we encourage:
    a. **explicit references to the United Nations Framework Convention on Climate Change (UNFCCC)** (in particular Articles 4 and 11), its principles, such as Common But Differentiated Responsibilities (CBDR) and equity, as well as financial commitments made by developed countries, specially in the framework of the recent climate finance goal set in COP29, under the process of the New Collective Quantified Goal (NCQG, mentioned in ***paragraph 34c***), which is still insufficient to cover the needs of Global South countries to tackle climate change and needs to be scaled up. We see it as a strong regression that undermines the integrity of the UNFCCC that there is no explicit reference to any of these and there is only reference to the Paris Agreement.
    b. to prioritize language referring to the **provision** of climate finance by developed countries, as opposed to mobilization of climate finance and the call for all countries in the position to do so to contribute, as it represents an attempt to dilute historical responsibilities. We strongly support reference to **new, and additional financial resources** (***paragraph 34b***), and the increase of **grant based** and highly concessional finance and non-debt creating instruments, with no conditionalities, and without increasing the debt (***paragraph 34e***).
    c. to retain the suggestion of establishing an intergovernmental working group under the auspices of the General Assembly to **enhance consistency and transparency in ODA and climate finance reporting**, and to better measure impact of financing on development and climate (***paragraph 34d***).
    d. to emphasize the centrality and key role of financial entities of the UNFCCC in the provision of public climate finance for developing countries and triple annual outflows of a subset of these funds from 2022 levels by 2030. We strongly oppose the promotion of financing instruments such as carbon finance and voluntary carbon markets, risk insurance and guarantees, catastrophe bonds, climate resilience funds, debt swaps, and climate resilient debt clauses (***paragraph 34h***).

3. On the ***Loss and Damage Fund (paragraph 34g)*** we strongly support the reference to the need to urgently scale up contributions to the **Fund for responding to Loss and Damage**, but we oppose the suggestion to increase the role of MDBs to channel climate finance.
4. We welcome the inclusion of disaster and climate change impacts on ***paragraph 27d***, but we reject the references on insurance as finance tools. We also reject language on conflict, especially when it is linked to current efforts to expand militarization globally.
5. On ***Domestic Resource Mobilization (specifically paragraph 22)***, we encourage the mainstreaming of environmental and climate protection imperatives throughout fiscal rules and policies in an equitable manner. International tax rules, as a part of the negotiations towards a UN Framework Convention on Tax, should contribute to the achievement of sustainable development in its three dimensions, economic, social and environmental, in a balanced and integrated manner. Environmentally harmful subsidies should be phased out, taking fully into account the specific needs and conditions of developing countries and affected people and communities. A solidarity levy in the form of a polluting industries' global profits surtax should be levied and channelled towards global financing obligations under the UNFCCC and CBD.
6. On ***Debt,*** we highlight the mention of colonial financial debt, as it has historically been an instrument to keep the dependence of natural resources extraction in Global South countries, which own a huge ecological debt that has to be repaired by the North. We also consider that debt swaps (mentioned in ***paragraph 42***) are not the solution in a context where these instruments, along with other false market solutions, such as bonds, guarantees, etc., represent profit opportunities for private sectors and have very limited capacity to reduce debt levels and also to guarantee enough money to tackle the climate and environmental crises.
7. On ***Trade,*** specifically on ***paragraph 39***, we believe that the exploitation and commercialization of critical minerals should not follow the path of predatory and enclave extractivism, but should be guided by principles of respect for the lives and rights of people and nature.
8. On ***Systemic Issues***, specifically on ***paragraph 46***, IFIs reform must go hand in hand with abandoning programs and projects that finance extractivism and resource depletion, and instead promote actions in line with a comprehensive environmental agenda. On ***paragraph 47***, we consider that new Special Drawing Rights (SDR) issuances with improved distribution criteria can be a useful tool for financing ecological and climate needs of southern countries.