

EURODAD DEBT WEDNESDAYS

# The Debt and Climate Justice

Lidy Nacpil, APMDD



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# Debt and Climate Crises

- One of the greatest injustice in the climate crisis is that people of the South who contributed the least to the problem bear its greatest impacts. We say the same thing about the debt crisis.
- Those who have the biggest share of responsibility for these problems, who generated and accumulated wealth in the process, have the obligation to address these problems.
- And yet what we see are inadequate actions and false solutions.



# Debt and Climate Crises - Rooted in the Same System

- The debt and climate crises share roots in the same global economic and financial system.
- It is a system which breeds and exacerbates injustice and inequality across and within countries, generates a net outflow of resources from the south to the north, concentrates wealth on elites and big corporations, created a financial system at the service of profit accumulation, subordinates Southern economies to the global market and impoverishes Southern countries and billions of people globally.
- It is also a system that involves wanton natural resource extraction and plunder and overproduction for the relentless pursuit of profit, with excessive and ever increasing use of fossil fuel energy

# Debt and Climate Crises

- Loans have been pushed to the South by international and northern creditors and borrowing pursued by Southern elites, with the justification that Southern economies need capital infusion for development and address poverty.
- As debts of the South grew, more loans were offered, and the vicious cycle of borrowing to repay loans started.



# Debt and Climate Justice SOLUTIONS

## Lasting and Just solutions to the Debt Problem are clear

- **Debt cancellation** is urgently needed - To free up public resources for urgently needed public goods and services especially in the face of the health pandemic, its economic fall out which made life much worse for the billions already living in poverty, and the worsening climate crisis. And to address the injustice of illegitimate debt.
- It is also urgently needed to provide space to help pave the way for more **strategic and structural reforms in the economies of Southern countries** to stop the constant bleeding and borrowing, and build strong, equitable, gender-just and sustainable economies.
- And **global systemic changes** must also take place - specifically in the policies and practices of international lending and borrowing, and more broadly in the larger, inequitable and exploitative economic and financial relations across countries

# Debt and Climate Crises - FALSE Solutions

**But we only see inadequate and false solutions --**

- Debt relief measures have historically and to the present day remained inadequate, and have been mainly motivated to stabilize Southern economies so they may continue to repay debts and conduct business-as-usual, and clean their books to be able to continue borrowing.
- These debt relief measures are carefully crafted so that the logic of the system and markets are not subverted and the interests of creditors are not compromised. Justice and real systemic solutions are not part of the equation.
- On the other hand, most Southern governments are more concerned about protecting foreign investors and domestic elites, maintaining credit-worthiness and continuing to pursue loans, and leaving their economies in business-as-usual mode.



# Debt and Climate Crises

- The destruction of natural carbon sinks and the excessive and ever- increasing emissions of greenhouse gases from fossil fuel use and carbon intensive highly profitable industries led to the climate crisis.
- Peoples and communities of the South, - workers, farmers, indigenous peoples, people of color, and especially women women and children among them - have been rendered most vulnerable to climate change impacts because of poverty, discrimination and the precariousness of their living conditions, greatly intensified by the debt problem.

# Debt and Climate Justice Solutions

## Climate Solutions based on science, fairshares and justice are clear

- **Mitigation actions** based on historical and continuing share of responsibility for GHG emissions to keep temperature rise below 1.5 degrees.

For the richest, industrialized countries this means reaching real zero emissions domestically by 2030 and meeting the balance of their fairshares of emissions reduction through **climate finance for mitigation**.

For the rest of the world, this means reaching real zero before or by 2050.

This is the timeline for ending fossil fuels, transforming highly extractive and high carbon-emitting industries, and massive ecological restoration.





# Debt and Climate Justice SOLUTIONS

- **Adaptation** and building resilience and **dealing with Loss and Damage** from already ongoing and worsening impacts.

For rich, industrialized countries, because of their huge share of responsibility for climate change, this includes the obligation to **deliver climate finance** to cover the costs of Adaptation and Loss and Damage in the Global South.

For Southern countries, this means not measures which are not just narrowly aimed at addressing climate related disasters but a transformation of economies.

# Debt and Climate Crises - FALSE Solutions

**Yet again, we only see inadequate and false solutions --**

- Many countries of the Global North have made recent pronouncements of “greater ambition” in climate action. But they speak of NET ZERO, a deceptive and dangerous concept which includes the use of unreliable and harmful technologies such as Carbon Capture and Storage (CCS), BECCS (Bio-energy Carbon Capture and Storage) and market mechanisms -- measures that will allow them to still continue emitting greenhouse gases (albeit reduced) and not have to reach real zero. Their targets for NET ZERO is way beyond the timeline needed to keep global temperature rise to below 1.5 degrees C.

# Debt and Climate Crises - FALSE Solutions

- And despite the promise of Climate Finance to reach a minimum of \$100 billion a year by 2025, an amount already very inadequate, the pledges in the last 6 years have barely reached \$4 billion a year. The actual delivery is even lower. New pledges recently announced will not take us significantly closer to the \$100 billion.
- A big proportion of Climate Finance pledges are also in the form of LOANS, which betray the principle and intent of Climate Finance.
- Global North countries' public subsidies for FOSSIL FUELS are 5 times bigger than their Climate Finance pledges

- The debt crisis has rendered peoples of the South much more vulnerable to the climate crisis.
- The climate crisis is being used as justification to peddle more loans to the South, further exacerbating the debt crisis.
- The climate debt owed to the South is huge but is just a part of a much larger historical, social, ecological debt owed to the South. Financial debt payments being collected from us are miniscule amounts compared to what is owed us.
- There must be restitution and reparations. A profound transformation of the global system and national economies

