

Demand reparation and grant base climate financing by global north instead loan

1. Developed countries endured new debt engineering in the name of climate finance

In the decade of Eighty, developed countries came forward with SAP [Structural Adjustment Program] and forced to the poor and low-income countries [LDCs] to adopted for their socio-economic development. LDCs have exercised the SAP through opening their market system for foreign investors and taken loan from the developed countries for policy reform and structural development like communication, port and transporting structure and other related facilities those hep the industrialization and trade etc.

But over the period the impact is observed not to achieve the main target of poverty alleviation, rather LDCs had to face the resources repatriation in the name of loan repayment and profiteering to the developed countries. The situation aggravated while poverty gone to a increasing trend and LDCs opposed to continue the SAP due to face a prolonged debt crisis and unable to pay their debt stocks. The situation also falls down the developed countries huge protest from LDCs and denied paying their debt stock. In the face of declining resources, they come with a new global issue called it "Climate Finance" and pushing LDCs and CVCs in another one debt trap again. There was a prolonged discussion among the developed, LDCs and CVCs [Climate Vulnerable Countries] happened and in 2015, Paris Agreement was completed with divergence in terms of responsibilities to mitigate and financing mechanism and process. Now developed countries are using the loopholes of Paris Agreement and screwing the LDCs and CVCs to adopt the unfair unjustifiable action addressing the climate change that will not benefit the poor and CVCs. Developed countries are trying to push their own policy agenda especially mitigation agenda and business supported policy advise to LDCs and CVCs. Thus, the LDCs and CVCs again will go to the debt burden instead a real and sustainable fighting approach to climate change.

2. Paris Agreement: A discriminatory and triggered the Debt restructuring by global north

Paris Agreement was drafted to aim reducing the global temperature by 2050 and also ensure effective global support on how the climate vulnerable countries will adapt with negative impact of climate change. the agreement was articulated "CBDR &RC" [Common But Differentiated Responsibilities with Respective Capacity] principle. In fact, the CBDR & RC will address the capacities of poor countries in mitigation action according their capacities, but support must be ensured for adaptation and achieving the climate resilient in long term. In reality is the developed countries misinterpreting the principle and in the name of capacity building, they impose funding conditionalities and also pushing the unjustifiable mitigation measure to the poor and vulnerable countries.

Due to misinterpretation of Paris Agreement, LDCs and CVCs are being forced to revise their NDCs [National Determined Contribution] with setting of additional target on mitigation which is hardly affordable. Developed countries and their IFIs take this chance and provide so called policy and capacity building support in the name of climate finance and countries are falling in debt trap.

3. Policy support for LDC/MVCs: A trick instrument to penetrate the loan

Developed and capitalist countries are undertaking initiatives to extend their loaning businesses to economically challenged and climate-vulnerable countries worldwide using the tag of policy assistance. Recently, the Japanese government and its partner agency, JICA [JICA-Japan International Cooperation Agency], have formulated a long-term hydropower strategy for Bangladesh, recommending that Bangladesh may consider adopting biofuels or "hydrogen fuel" as a renewable energy solution. Despite of having a significant potentiality of solar energy in Bangladesh as a renewable hydropower source,

the key intention behind the Japanese government's apparently imbalanced policy recommendation is to raise dependency on debt in Bangladesh and, in doing so, divert the country's resources to their/developed countries. The purpose is clear that Bangladesh lacks the necessary raw materials for "hydrogen fuel" as a renewable energy source, which must be imported from abroad, thus creating opportunities for resource transfer through trade and profit.

4. LDC & CVCs spend five times more on debt payments than dealing with climate change

According to a study conducted by the Jubilee Debt Campaign, poor and climate-vulnerable countries paid almost 5 times as much in debt repayments as they received in financial assistance for climate adaptation. This study, covering 34 countries, including Bangladesh, revealed that in 2021, these countries had to repay \$29.00 billion while they received only \$5.40 billion in financial support [including unconditional or so-called policy assistance grants] for the adaptation sector. Particularly, during the same period, Bangladesh had to repay \$3.9 billion compared to \$1 billion in aid received. If providing loans to these countries continues at its current pace and following the same procedures, these countries could face annual debt repayment obligations as high as \$37.9 billion by 2030.

5. Bangladesh might be a debt-sufferer due to donor-driven climate plans

To tackle the challenges posed by climate change, Bangladesh has introduced several development plans in recent years with the support of different donors. Notable among these initiatives are the "NDC 2021-30, Delta Plan-2100, National Adaptation Plan (NAP)-2050, and Mujib Climate Prosperity Plan 2030", etc. However, the implementation of these plans and projects requires a huge annual funding of approximately BDT. 1,83,000 crore [equivalent to 3.3% of the country's GDP]. Apart, these projects have been designed in such a way that requires technical consultancy and financial aid from the donors' side. We are watching the reflection of all these

consequences already. The Bangladesh government is allocating a nominal portion of the annual budget to implement these plans, representing only 0.38% of the GDP in the last fiscal year. As a result, the government has been forced to secure high-interest loans from donors to proceed with these projects.

Bangladesh's foreign debt has already swelled to approximately \$96.22 billion, equivalent to 21% of the current GDP [as of the 2022 report]. This increasing debt is a result of the government's obligation to lend and fulfill the requirements of these projects. If this trend persists, it is projected that the external debt could increase to 46% of GDP by 2030, as projected by the Economic Relations Division [ERD]. Notably, developed countries and the IFIs are already using this situation of financial vulnerabilities in the government. Recently the World Bank has proposed a significant increase in their loan interest rate, from 1.5% to 5.0%, which has raised concerns within Bangladesh's economy. If this evil scheme of the World Bank is successful, other developed countries and their IFIs, such as ADB, JICA, and IDB, engage in loaning activities with Bangladesh will surely raise their interest rates.

6. Receive climate financing in GHG project may weaken the moral stand of country

Recently the Japanese government insisted the Bangladesh government to borrow the entire \$240 million as investment support for the Matarbari coal-based power plant, within the framework of Climate Finance. It needs to be mentioned here that the Matarbari coal power plant is positioned as a carbon sequestration project. Such initiatives contradict the ongoing global movement to phase out coal usage, a critical movement to fight against climate change and reduce global temperatures. The result could be that Bangladesh is being compelled to take on loans for these projects in the name of climate finance, which could potentially undermine Bangladesh's standing and principled reputation on the global stage.

As a representative of civil society, we condemn the role of the Japanese government in this concern. We urge the provision of appropriate support for the development of long-term,

sustainable, and renewable energy sources within our country, rather than investments in so-called biofuel or hydrogen fuel projects.

What we want to say and demanding

1. Fighting climate change not a development. So that no loan for this

In case of poor and climate-vulnerable countries, the efforts of climate change mitigation do not fit within the conventional definition of development activities. Because, these countries are already grappling with the negative consequences of climate change caused by ongoing carbon and greenhouse gas emissions of the developed countries. For these vulnerable countries, the highest priority of climate action should be on the vulnerability reduction of their population and securing their survival. To do that a comprehensive transformation is being brought in their existing economic structures and strategies. This reformation should not be treated in that way like imposing economic burden on these poor countries. Rather support for restoration and adaptation should be delivered in the form of grants rather than loans.

2. Cancel the climate debt and declare these as reparation and grants

According to the UNTAD's latest report [UNCTAD report 2022: "A world of debt. A growing burden to global prosperity"], currently, the total of global debt in poor countries is \$28 trillion and it's rising. However, while we do not have the actual figures of how much of this accumulated debt is in the name of climate finance, it is not too difficult to estimate that the figures will not

be less than 10-15%. Since poor countries are not responsible for climate change, the actions they take to address climate change should be debt-free and grant-based. Ultimately, these interventions will help the developed countries [As these measures will reduce carbon emissions and control the global temperature for which the developed countries are responsible] and in doing so they have to completely change their economic structure. So, in view of these considerations, all loans given to the poor and climate-affected countries in the name of climate finance should be canceled and declared as grants or compensation.

3. Demand restructuring of global financial architecture instead loan

IFIs were formed after the Second World War with the notion of rebuilding the war-affected countries, but later the developed countries started to use these financial institutions as a tool for controlling the markets of the poor countries and transferring their resources, which still exists today. Developed countries have adopted the same strategy again in the name of climate finance. We therefore fear that poor and climate-prone countries may become victims of wealth laundering instead of getting the existent benefits due to this unfair global financial system. Therefore, to ensure the effective implementation of international cooperation and participation of all countries in dealing with climate change, it is necessary to change this unfair international financial management structure. Because dealing with climate change is a struggle for the survival of mankind all over the world and there should be no opportunity for profit-seeking or resource trafficking.

Context of the Campaign: The annual meeting of the World Bank and the International Monetary Fund (IMF) is being held in Marrakesh, Morocco from October 9-15. It is essential to note that these two financial institutions are working allies and agents of neo-liberal colonialism and through their involvement, developed countries all over the world and are imposing unfair debt burdens on poor and climate-affected countries in the name of so-called development, resulting in the debt crisis of poor countries. These countries burdened with these debts are forced to transfer their wealth to developed countries in the name of debt relief.

That's why, on the eve of the meeting, this campaign regarding climate change and debt cancellation initiated by the Asia Pacific Movement on Debt and Development (APMDD) is being celebrated globally in all the climate-affected countries. As Bangladesh is also a poor and climate-affected country and is already burdened with climate debt, we on behalf of the civil society strongly support this campaign and are following this program by demanding the cancellation of climate-related debt of all countries including Bangladesh.
