Diplomatic Challenges in Climate Change Negotiations: A Case of Caribbean Community (CARICOM) Region

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Introduction

Climate change mitigation and adaption are the two measures agreed to at the COP 21 UN Climate Change negotiations to cap carbon emissions for limiting temperatures at 2 degrees celsius. The negotiations by developing countries for climate change with regard to adaptation under the financing clause with developed countries presents a diplomatic challenge to achieve political consensus under the United Nations Framework Convention on Climate Change (UNFCCC). This along with investment in greener technologies are the two outcomes of the Paris Agreement. This paper extrapolate this argument that the diplomatic challenge of climate change negotiations are fractured owin to the global dimensions of developed countries support for mitigation financing and developing countries negotiating for adaptation financing given that they are the net emitters in climate change, which transcends political borders. Secondly, the Paris Agreement has no enforceable mechanism under the UNFCCC nor COP 21 for developed countries to comply with the financing clause. Further, negotiations for climate financing is not formalised under the UNFCCC institutional framework for developing countries to fast track their *Nationally Determined Contributions* (NDCs) for implementing the 2015 Paris Agreement.

The paper structures the argument along the fractured climate financing negotiations between the developed and developing counties using a case study of the Caribbean Community (CARICOM) region as vulnerable Small Island Developing Sates (SIDSs); and their negotiating challenge to implement the NDCs in climate change adaptation, and their comparative advantage as against developed countries mitigation measures in achieving a collective outcome of 2 degrees celsius, in implementing the Paris Agreement.

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In the context of our argument for implementing the financing mechanism, Article 59 of the Paris Agreement, we will define mitigation policies, from a political point of view, "as addressing the causes of climate change" and "greenhouse gas emissions are indeed the primary cause of the acceleration of global warming in recent decades." In contrast adaptation practices aim to soften the consequences of climate change (Field et al, 2015: 9). The former is a preferred policy option of developed countries to deal with lowering carbon emissions and the latter is the policy alternative for developing countries to deal with the consequences of climate change, in particular vulnerable SIDSs (ibid). There are already difficulties in reaching the 2 degrees temperature target even with the Paris Agreement (2015).

Negotiations between developed and developing countries

The UNFCCC negotiations have evolved to reflect the changes in the national and economic circumstances of countries resulting in the Paris Agreement. But this shift is not parallel to the mobilisation of "climate finance which remained too mired in an increasingly antiquated North-South, developed-developing countries dichotomy." This fractured dimension affects countries diplomatic ability to negotiate finances for the mitigation and adaption process in implementing the Paris Agreement (Ha et al, 2016: 1). Mitigation is a global public good which affects the global populace. The largest five developed countries account for more than 60 per cent of global emissions which transcends political borders. Hence developed countries reduction in greenhouse gas emissions, should be shared by both developed and developing countries. But herein lies the dilemma because "developed countries are better prepared to cope with climate change and have stressed the importance of mitigation" to limit temperature to 2 degrees celsius (Field 2015). The preferred diplomatic practice is that "developed countries could receive credits towards their domestic targets by investing in lower cost emissions in developing countries" (Ha et al, 2016: 2). In this context the diplomatic challenge is that the cost effectiveness of mitigation measures exist but policies on adaptation are virtually new to the climate change agenda. The Paris Agreement created the Green Climate Fund (GCF), an institutional body to mobilise US 100 billion annually until 2020 for climate financing flow to developing countries, mostly for adaptation measures. However, it must be pointed out though that developing countries have historically contributed little to carbon emissions but are at the receiving end of the trans-border impact of climate change manifested in their economies by, inter alia flooding, hurricanes, droughts and landslides. In the context of this case study, CARICOM Small Islands Developing States (SIDSs) as a region has contributed less than 1 per cent of global carbon emissions. The diplomatic negotiating challenge for the region now is to secure adaptation financing from developed counties to invest in greener technologies such as afforestation to contribute to mitigate developed countries emissions by forests carbon absorption capacity, across political borders (Field 2016).

From an economic policy analysis, "greenhouses gas emissions are a negative externality. Gases expands through the atmosphere across political borders." Hence, developed countries emissions affect developing countries with no cost imposed on developed countries (Field, 2015: 9). The Paris Agreement has factored in this cost in the GCF for disbursement to developing countries who are historically net emitters. With reference to CARICOM SIDSs, they have been recognised by the UNFCCC as amongst "the most vulnerable countries in the face of the effects of climate change" given their vulnerability to the immediate impact of extreme weather and rising sea levels. But while they face serious diplomatic challenges in negotiating with developed counties, SIDSs have "been enthusiastic and contentious contributors" (Hoad, 2015: 2) to the COP 21 and predecessor climate negotiations.

The question is then, can CARICOM SIDSs implement the modalities of *Nationally Determined Contributions* (NDCs) given their resource constraints? CARICOM diplomatic agenda for adaptation to climate change includes reaffirmation of the contribution to Reducing Emissions from Deforestation and Degradation (REDD Plus) for mitigation efforts along with adequate incentives and institutional and financial support for implementation of REDD plus. The implementation

of climate funding requires government monitoring capacity and efforts made to maintain that forest be verifiable for financing of mitigation projects under international assistance and compensation. Poor infrastructure, market imperfections, and institutional barriers are impediments in financial transfers from the North to the South (Eyckmans 2016). CARICOM embryonic Caribbean Community Climate Change Centre (CCCCC) has managed to secure technical assistance from the UNFCCC for its climate change Strategic Plan. Financing through aid should lead to development growth and the outcome is ultimately dependent on the institutions and policies in developing countries. CARICOM institutional strength in negotiating for securing funding from the GCF for climate adaptation will require the diplomatic commitment made at COP 21 by developed countries (CARICOM Report 2016).

The Paris Agreement has no enforcing mechanism under the UNFCCC nor COP 21 for complying with the financing clause

The UNFCCC multilateral programme facilitates both developed and developing countries under the same forum for negotiating climate change mitigation and adaptation measures in COP 21 and its predecessor – Copenhagen Accord (2009) and COP 16 (2010). But climate financing is not enforceable in this institutional framework (Hannam et. al, 2015: 1). The resultant likelihood is that structured negotiations for climate financing, which is critical to developing countries NDCs to cut back on the trend of global warming, will be ad hoc; in addition to lacking an enforcement mechanism (ibid) for developed countries to comply with the financing commitment of GCF under the Paris Agreement.

The Paris Agreement (2015) Article 59 states that "the Green Climate Fund and the Global Environment Facility, the entities entrusted with the operation of the Financial Mechanism of the Convention, as well as the Least Developed Countries Fund and the Special Climate Change Fund, administered by the Global Environment Facility, shall serve the Agreement." There is consensus in principle but there is no obligation under the UNFCCC for developed nor developing countries to engage in climate financing (Ha, et. al, 2016: 1). While the UNFCCC has the institutional mechanism for climate financing, negotiations and capacity building for developing countries (Hannam, et. al, 2015, p: 3), the mobilisation of US $ 100 billion per annum was agreed to at in Copenhagen Accord (2009) and COP 16 (2010). Given this precedent and with no enforcement mechanism for climate financing in the Paris Agreement, the question remains as to what is the likelihood of developed countries honouring this commitment now (Eyckmans 2016).

The implication of this is the looming disaster if developing countries are not afforded aid to enhance adaptation policies in particular CARICOM SIDSs. Research hypothesis on the externalities of climate change consensus is clear: "The potential damage of climate change is most heavily concentrated in low tropical regions and low coastal states such as Latin America and the Caribbean" (Field, et al 2015, p.2). CARICOM, recognises this as an impediment for the region whose livelihood is under threat from the consequences of climate change and is now focusing its diplomatic engagement to secure adaptation financing from the GCF. From a cost-benefit analysis for project funding, CARICOM has a comparative advantage in conservation and management of forest which are large carbon sink. It has articulated its diplomatic challenge to secure aid assistance and compensation from the GCF in it mitigation contribution to the absorption of greenhouse gases globally, from developed countries. But its immediate need is to implement NDCs for adaptation to the vagaries of climate change even in the stark reality that its contribution to global warming is less than 1 per cent (CARICOM Report, 2016). The GCF aims to use public investment to stimulate private finance for climate friendly investment for low emission and climate resilient development. The GCF seeks to multiply the effect of its initial financing by opening markets to new investments. The GCF investments are in the form of grants, loans, equity or guarantees. **The first GCF Caribbean country project was launched in Barbados in June 2019** (Caribbean Community Climate Change Center, 2019).

*An application was submitted to the Project Preparation Facility (PPF) of the **Green Climate Fund** in order to enable Belize to develop and implement a bio-mass*

energy project, utilising an indigenous fast growing C3 perennial rhizomatous grass – **Arundo donax.**

This project aims to initially introduce a new high energy crop as a supplementary fuel for generation of electricity in Belize. Based on the outcome of the preliminary exercises, large-scale cultivation on a commercial basis for ongoing use and for expanded use elsewhere could be pursued.

A successful fossil fuel displacement project, albeit partial in scope, will represent significant progress towards Belize realizing its goals of becoming energy self-sufficient. Developing a commercial renewable enterprise based on the use of Arundo donax *could bring significant benefits to Belize and the Caribbean. The immediate benefits would be to stabilise power production from BELCOGEN, provide clean sustainable power throughout the year, create new jobs in the cultivation of* Arundo donax*, save foreign exchange by displacing imported Mexican power, increase energy security, reduce Belize's greenhouse gas emissions and reduce BEL's cost of power. The project will be implemented during a 15-month period, and total cost is estimated at US $739,700.00, with the GCF providing US $ 694,000.00* (Caribbean Community Climate Change Center, 2019).

Climate financing negotiations: A developing countries perspective

Climate finance is probably the most contentious issue in the UNFCCC negotiations. Its diplomatic discussions are fractured along a North-South distributional conflict, a zero-sum political game (Ha, et al, 2016: 2). One of the UNFCCC core objectives is to marshal resources for climate resilient economies. The mobilisation by developed countries of US $100 billion annually to finance mitigation and adaptation measures in developing countries has long been on the diplomatic agenda. This is in tandem with the new multilateral institution established by the Paris Agreement – the GCF for financing flows to developing counties. But herein lies the diplomatic negotiating challenge that "even if the money is mobilised and if the GCF and other institutions can effectively channel it, a wide gap remain between what is available and what is needed (Ha et. al, 2016: 1).

To close this gap, China opted not to participate in the GCF but to go via the route of South-South Climate Fund (SSCF), outside of the UNFCCC framework. China's policy move "represents further fragmentation in the institutions affecting the climate finance regime" (Hannam et. al, 2015, p. 2). This lack of coordination between developed and developing countries financing rules can adversely affect countries mitigation and adaptation measures to lower carbon emission and investment in greener technologies. Hannam, et al (2015) assert that for climate finance to best achieve its goals, diplomatic negotiations should be carried out under the UNFCCC framework for negotiating the rules on climate finance. The SSCF should be tracked within the UNFCCC framework to coordinate with "existing institutions to progressively green all financial flows" (Ha, et. al, 2016: 2). All countries engaged in climate finance should begin reporting their activities to the UNFCCC Standing Committee on Finance (Ha, et. al, 2016: 5).

It must be recognised that though, South-South cooperation is legitimised under the UNFCCC Framework, the UNFCCC should multilateralise its task and leverage its role as international coordinator for climate financing (Hannam et. al, 2015: 3). South-South cooperation for climate financing should be complementary to developed countries' commitment to mobilise US$100 billion in climate finance annually. The Paris Agreement (2015) Art. 65 states that "the institutions serving the agreement to enhance the coordination and delivery of resources to support country-driven strategies through simplified and efficient application and approval procedures and through continued readiness support developing country Parties, including the least developed countries and Small Island Developing States, as appropriate." For Latin America and the Caribbean region as a whole, the South-South Climate Finance Flow in 2013 amounted to US$ 3 billion (Ha, et. al, 2016: 3), but this cannot suffice the mobilisation of finances needed for adaptation measures given these countries increasing and immediate vulnerability.

The literature has underscored the ethical dimension of climate financing flows to developing counties from a procedural and distributional justice lens: "how climate finance may support an optimal

outcome, arguing that international adaptation transfers could help address the perceived unfairness with historical emission" (Eyckmans, 2016: 3). It is well established that SIDSs have contributed little or nothing to the climate change problem and while developed countries have "included absolute or economy-wide emission reduction" in their NDCs, SIDSs NDCs are in a "direct proportion to the precariousness of their plight" to the challenges of financial constraint and lack of technical capacity. Nonetheless, the issue of fairness is enshrined in countries NDCs and the GCF has provisions for the SIDSs climate conditional financing support for adaptation (Hoad, 2015: 2).

Synthesis

Are mitigation and adaption measures complements or substitutes? Can the reduction in the cost of one (adaptation) reduce the demand for mitigation? And or a reduction in the cost one measure will increase the demand for both (Eyckmans 2016, p.3). Given the existing literature and the negotiation outcomes of the Paris Agreement, it can be assumed that adaption measures in developing countries will reduce the demand for mitigation measures, since adaption as a tool to deal with the consequences of climate change is new to the climate agenda. This is because developed countries have been dealing with the causes of climate change through mitigation policies and adaption measures have only occupied the climate change diplomatic agenda in the last decade because of the recognition of the consequences on developing countries.

There is a school of thought which posits that the financing of adaptation and mitigation measures in developing countries (SIDSs) can encourage negligence on the part of developed countries to violate their NDCs. This is because if SIDSs are complying with afforestation and mitigation, which aid in the global absorption of greenhouse gases and there is no enforcement mechanism for countries such as China and the United States (US) if they violate their INDC (Eyckmans, 2016), this will present a challenge for implementing the outcomes of the Paris Agreement.

The polarised climate discussions between the North and the South has been abated by the South–South Climate Finance which emerged to fill this gap but there are diplomatic challenges on how the UNFCCC will coordinate the financing flow in the traditional climate fund from developed to developing countries. The diplomatic challenge is how to incorporate "China as the most active developing country providing active climate finance on a bilateral basis" within the UNFCCC framework (Ha, et. al, 2016: 4).

Conclusion

This paper has argued that climate change mitigation and adaptation are two measures emanating from the Paris Agreement (2015) but the diplomatic challenge in implementing the financing clause for policy action is inherent in the fractured climate financing negotiations between developed and developing countries.

Negotiations on climate financing are fractured along developed countries established policy practice of mitigation whereas developing countries policy advocacy is on the effects of climate change and conservation of forests to mitigate developed countries carbon emissions. Climate change adaptation policies are relatively new to the agenda and this has implications for developing countries institutional strength and negotiating ability to marshal climate finance from the GCF under the UNFCCC. Climate financing for developing countries including SIDSs adaptation measures is critical for ensuring limiting of temperatures at 2 degrees celsius because it has an absorptive capacity to abate greenhouse gas emission across countries borders.

The UNFCCC framework has facilitated developed and developing counties to negotiate mitigation and adaptation measures but there is no enforcing mechanism for compliance with the financing clause in the Paris Agreement. The mobilisation of US$ 100 billion climate change fund was agreed to in predecessor negotiations-Copenhagen Accord (2009) and COP 16 (2010) but has not materialised in substantial financial flows to developing countries. The implementation of this is questionable, given the set precedent. Vulnerable SIDSs are affected the most by rising temperatures from climate change and has a

comparative advantage for climate funding in adaptation measures to soften the consequences felt in their economies and for the conservation and management of forest.

Climate finance has emerged as the most contentious issue in the UNFCCC climate change negotiations fractured along the distribution of developed and developing countries but the GCF has emerged to aid climate financing to developing countries. China has spearheaded the SSCF to close the financing gap with climate financing flows to developing counties but this funding regulation is outside of the UNFCCC and is not coordinated with the GCF. The lack of coordination in the climate funding can adversely affect SIDSs in implementing their NDCs contribution to the climate change phenomenon.

Studies are is needed to explicate policy formation and analysis in climate financing, especially in adaptation policy measures since they are new to the policy agenda; and the implications of distributional justice for vulnerable SIDSs who have historically contributed little to global warming but yet face challenges in accessing the GCF. In fact, climate financing in adaption measures is probably the most immediate policy action to realise the 2 degrees celsius temperature limit given that forests have an absorptive capacity to mitigate carbon emissions.

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