

SAY NO TO 'CLIMATE LOAN': Statement from Civil Society Organizations of Nepal

Adverse impacts of global warming and subsequent climate change are already been apparent with an increase in frequency and intensity of climate induced extreme events. People's lives and livelihoods, especially of poor and marginalized social groups such as farmers, indigenous communities, women and children in least developed countries and developing nations are most at risks and vulnerable to these disasters. These nations contribute negligibly to the global green house gas emissions but are least able to cope with and are the most vulnerable to climate- related risks and hazards. For example, Nepal has contributed to the world green house gases emission by only 0.025% but is ranked fourth vulnerable country among the 170 countries from the impacts of climate change.

Accordingly, the United Nations Framework Convention on Climate Change (UNFCCC) realized the need to support the countries least able to cope with adverse impacts of climate change, in which developed nations have agreed to support least developed and developing nations to adapt to the adverse impacts of climate change. In the Conference of Parties (COP) meetings of UNFCCC, least developed countries including Nepal has been strongly advocating for the direct access of the recipient countries to the climate finance. For which, climate finance should be within the United Nations regime, and must be separated from and in addition to the Overseas Development Assistance (ODA). More importantly to internalize 'Polluter Pay Principle' any financial support on adaptation and mitigation must be in grants and NEVER IN LOAN.

Referring to the current ongoing discussions on climate finance and climate justice, Nepal is one of the recipient countries of the World Bank funded 'Pilot Program for Climate Resilience (PPCR)' programme. Of the total USD 110 million, USD 50 million is in the form of grant and USD 60 million is a loan offer. In relation to this funding negotiation, we are concerned about the willingness of the Government of Nepal to accept the loan. Contrary to its position, we urge the Government of Nepal to stand by with its positions on climate finance and **NOT TO ACCEPT ANY LOAN ON CLIMATE CHANGE**. We also oppose the World Bank on pledging of loan for adaptation and resilience to the nations that needs immediate financial support to adapt to adverse effect of climate change. This is intended to devalue and defame the ongoing climate funding process under the UNFCCC mechanism.

The Government of Nepal, recognizing the Nepalese peoples' rights and sentiments, and its position in international negotiation on behalf of least developed countries group, must consider the following points while agreeing on any decisions related to loan on climate change.

- a. NO LOAN for climate related activities. All the climate finances for the countries of the South must be in the reparation mode.

b. Protect human rights and the environment:

The financing of climate related activities must not violate human rights and social justice. Accountability and responsibility

Climate change is mainly caused by developed world. Least developed Countries are the only sufferers. There is no strong logic for the developed world to support these countries through loan. It is unfair and unacceptable to offer loan and overlook UNFCCC mechanism.

c. Respect the climate change policy 2067

Climate Change Policy 2067 recently endorsed by the Government of Nepal has internalized Climate Justice as its essence. The policy internalizes the polluters' pay principle payment of ecosystem services as a mechanism of generating internal resources on adaptation. It also aims to comply with the national and international commitments that the Government of Nepal is advocating for. The Government must respect and comply with its own national policy.

d. Burden to Nepal

The average annual ratio of debt servicing to GDP is 2.7 percent but average annual growth rate of total debt servicing is 15.9 percent and total outstanding debt to GDP is nearly 58.76 percent. With different grace periods of various loans ending up, this loan amount will add extra burden to the government and Nepalese citizens to repay the loan amount. This is unjust to the people of Nepal who are already overburdened by debt and hence vulnerable to climate-induced risks.

e. Adaptation and resilience are very much interlinked

We raised our concerns on how the government is advocating PPCR is for 'climate resilience not for adaptation' to justify loan. We strongly believe that the government should not be misguided with technical jargons and try to interpret the language at its own ease.

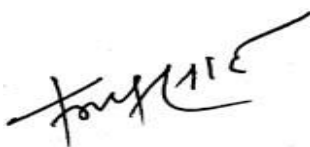
f. Accept only grant amount and best utilize in productive sectors

Loan is loan either it be concessional or in any other forms. We urge government of Nepal to accept only the grant amount and effectively utilize this in productive sectors. Government of Nepal should lobby with the World Bank to convert the loan into grant without any condition attached with it. Moreover, since the international financing modalities on climate change is not clear and most likely that the country like Nepal will benefit more in the future. Nepal should not go for loan option in climate change and donors and World Bank should not offer the loan. The grant amount at this moment is enough. We again reiterate to begin with the grant amount.

This has been duly signed on 13th February 2011 by:

- NGO Federation of Nepal, Dr. Netra Prasad Timsina
- Federation of Community Forestry Users Nepal, (FECOFUN), Mrs. Apsara Chapagain
- Global Alliance for Community Forestry (GACF), Mr. Ghan Shyam Pandey
- Irrigation Water Users Federation, Nepal, Mr. Ram Lakhan Harijan
- Federation of Drinking Water and Sanitation Users, Nepal, Mr. Rajendra Aryal
- Jagaran Nepal. Mrs. Sharmila Karki
- Women in Policy Advocacy Alliance- Tej Kumari Tiwari
- NGO Group on Climate Change, Mr. Keshav Thapa
- Forest Action Nepal, Dr. Naya S Paudel
- Campaign for Climate Justice, Nepal (CCJN), Dr. Sarba Raj Khadka
- National Association of Community Electricity Users – Nepal (NACEUN), Mr. Dilli Ghimire
- Rural Enterprise Developers (RED) Group Nepal, Mr. Suhrid Prasad Chapagain

On behalf of signatories



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Netra Prasad Timsina

President

NGO Federation of Nepal

