FINANCING POLICY BRIEF SERIES
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HUMAN RIGHTS
OFFICE OF THE HIGH COMMISSIONER

HUMAN RIGHTS-BASED FINANCE FOR THE ENVIRONMENT

Key messages

Promote rights-based financing for sustainable development, including climate finance, that prioritizes the needs of people, communities and countries that are disproportionately affected by environmental degradation.

- Reshape international financial architecture, particularly with respect to debt, prioritizing concessional financing for sustainable development, including climate finance, for people and countries that need it and have contributed least to the triple planetary crisis.
- Mobilize resources for rights enhancing environmental action that addresses historical imbalances and systemic inequalities in accordance with the principles of common but differentiated responsibilities and respective capabilities, equity and polluter pays.
- Ensure the meaningful and informed participation of and effective consultations with all people in decisions related to sustainable development finance, including financing for climate and other environmental action.
- Establish financing mechanisms that facilitate direct and equitable access to the people and communities most affected by environmental harm and enhance the predictability of funding.
- Implement the environmental and social safeguards for financing mechanisms to require compliance with international human rights standards in relation to the prevention of human rights violations and abuses and facilitate human rights enhancing finance initiatives. Set up and maintain appeal and grievance processes for ensuring that the environmental and social impacts are adequately addressed and remedied.

Problem statement

The interconnected planetary crises are a human rights crisis. They threaten the full and effective enjoyment of a range of human rights by people throughout the world, including the rights to life, water and sanitation, food, health, housing, work, a healthy environment, and development. The Intergovernmental Panel on Climate Change recognized that economic impacts attributable to environmental degradation are increasingly affecting peoples' livelihoods.

RELEVANT ACTION AREAS

Science, technology, innovation and capacity-building

International Development Cooperation

ABOUT THIS SERIES

The Financing Policy Brief Series has been prepared by the Inter-agency Task Force on Financing for Development to inform the substantive preparations for the Fourth International Conference on Financing for Development (FfD4), to be held in Sevilla, Spain, from 30 June to 3 July 2025.

The Inter-agency Task Force on Financing for Development is comprised of more than 60 United Nations Agencies and international organizations. The policy briefs in this series were not subject to review by Task Force Members, and represent the views of the authoring organizations.

The full series is available at: https://financing.desa.un.org/iatf/report/financing-policy-brief-series

MORE ABOUT THIS TOPIC

For further information on the topic of this brief, please see: https://www.ohchr.org/en/climate-change

As human rights harm associated with climate change is disproportionately harming people in the Global South, especially inhabitants of small island developing States (SIDS), low-income countries (LICs), and lower middle-income countries (LMICs), those most vulnerable to climate impacts are intensifying their calls[1] for developed states to fulfill their international climate finance commitments as part of their broader demand for climate justice.

The UN Secretary General has highlighted[2] that currently, 93% of countries most vulnerable to climate impacts are also in debt distress or at significant risk thereof.[3]

Equitable mobilization of trillions of dollars is needed to:

- finance a just transition to sustainable development through investments in low-carbon initiatives in energy, construction, food production and transport while ensuring fair distribution of its burdens;
- adapt to the impacts of climate change and build climate-resilient communities;
- internalize human rights costs, to create incentive system for cleaner energy;
- and compensate for loss and damage.

According to the report of the Independent High-Level Expert Group on Climate Finance, developing and emerging market countries (not including China) will require an additional $1 trillion per year by 2025, beyond domestic funding sources, to deal with climate adaptation, mitigation as well as loss and damage.[4] Total needs for investments in mitigation are estimated to reach $ 4.5 trillion per annum (averaged until 2030).[5] The average annual adaptation finance needs in developing countries for the period 2021–2030 are estimated at USD 387 billion, with a range of $ 101–975 billion.[6] The UN Secretary General in his recent report[7] underlined that estimates of the annual economic cost of loss and damage in developing countries alone amounted to at least $ 435 billion in 2020, a figure that is expected to rise to at least USD 580 billion by 2030, excluding non-economic losses and damages.[8]

However, estimates indicate that in 2022 developed countries provided only a total of $ 115.9 billion[9] in total financing for climate action in developing countries.

According to SR on the Rights of Indigenous Peoples,[10] climate finance have so far failed to direct sufficient funding to support initiatives led by Indigenous Peoples. Financing mechanisms lacked effectiveness in advancing recognition of collective land rights of Indigenous Peoples, preserving their lifestyle that allowing nature to thrive and balance out the carbon-emitting activities of the rest of the world. Moreover, there is a lack of resources needed to protect them from encroachment, attacks and other violence by third parties. The SR on the rights to water and sanitation[11]

1. For example - Joint statement of Environment ministers of Brazil, South Africa, India, and China (BASIC), available at: https://sdg.iisd.org/news/basic-ministers-call-for-new-climate-finance-goal-to-reach-trillions/

2. A/HRC/57/30

3. ActionAid International, "The vicious cycle: connections between the debt crisis and climate crisis" (2023), p. 2.

4. Finance for climate action Scaling up investment for climate and development. Report of the Independent High-Level Expert Group on Climate Finance, November 2022, available at: https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/11/IHLEG-Finance-for-Climate-Action-1.pdf

5. Based on the IEA and IRENA data and using IAMs (integrated assessment models) and the IPCC AR6 Scenarios Database, the IPCC (2022) has calculated mitigation investment needs.

6. United Nations Environment Programme (UNEP), A*daptation Report Gap 2023: Underfinanced. Underprepared – Inadequate investment and planning on climate adaptation leaves world exposed* (2 November 2023) [UNEP, Adaptation Report Gap 2023], page 40.

7. A/HRC/57/30: Analytical study on the impact of loss and damage from the adverse effects of climate change on the full enjoyment of human rights, exploring equity-based approaches and solutions to addressing the same - Report of the Secretary-General - Advance edited version

8. United Nations Conference on Trade and Development (UNCTAD), "Taking responsibility: towards a fit-for-purpose loss and damage fund" (Geneva, 2023), pp. vii and 3. The figures cited are now considered to be vastly underestimated.

9. See Organisation for Economic Co-operation and Development, Climate Finance Provided and Mobilized by Developed Countries in 2013-2022 (2024), https://www.oecd.org/climate-change/finance-usd-100-billion-goal/.

10. A/HRC/54/31: Green financing – a just transition to protect the rights of Indigenous Peoples - Report of the Special Rapporteur on the human rights of Indigenous Peoples, José Francisco Calí Tzay

11. Special thematic report on climate change and the human rights to water and sanitation by the Special Rapporteur on the human rights to safe drinking water and sanitation (March 2022). Part 3: A rights-based approach to adaptation, mitigation, finance, and cooperation

underscored that climate finance is often targeted to specific projects, requiring a level of research and planning whose cost is often unaffordable for vulnerable groups.[12]

Policy solutions

A human rights enhancing approach to development finance, including financing for climate and other environmental action is a matter of legal obligation and of effective policy. Under the core international human rights instruments,[13] States Parties, acting individually and collectively through international cooperation, must ensure the realization of all human rights. This includes obligations of immediate implementation as well as mobilizing and allocating the maximum available resources for the progressive realization of economic, social and cultural rights, and the advancement of civil and political rights, the right to development and the right to a healthy environment, closing human rights protection gaps. These obligations also extend to the need for meaningfully addressing transborder and extraterritorial harms. This means that States should cooperate to ensure adequate means of implementation (capacity building, technical assistance, technology transfer, and resource mobilization) for human rights-based environmental action. In the context of the UNFCCC, States Parties have accepted that 'developed countries should take the lead in combating climate change and the adverse effects thereof' and that the Paris Agreement must be implemented to 'reflect equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances'.[14] The UN Human Rights Council has also repeatedly affirmed that responses to climate change should take into account the priorities of developing countries relating to the eradication of poverty and economic development.[15]

High costs of capital create significant barriers to accessing climate finance, thereby obstructing the realization of these rights. Improving enabling environments and reducing capital costs are necessary to ensure that developing countries can secure the financial resources needed to protect and fulfil the human rights of their populations. The right to development emphasizes that all peoples and individuals are entitled to participate in, contribute to, and enjoy economic, social, cultural, and political development. This right underscores the need for creating fair and just economic conditions that enable all countries, particularly developing nations, to access and benefit from resources necessary for their development, including climate finance.

According to the UN High Commissioner for Human Rights "States and providers of development finance, including international financial institutions, should scale up international grant-based financing for climate action and food security to highly indebted countries, ensuring that finance broadens fiscal space and is targeted at benefiting groups in marginalized and vulnerable situations."[16]

Provision of financing for sustainable development, including climate finance in the form of grants, rather than as soft loans or other kinds of concessional finance is consistent with the principles of equity, CBDR-RC and the recognition of developed countries' historical responsibility for climate change, as well as the 'polluter pays' principle, which is enshrined in the Rio Declaration. Initiatives like the Bridgetown Initiative, Marrakech agenda, and others, though varied, collectively signify a global momentum towards global financial architecture reform. The increased vocalization of developing countries in these reforms acts both as an enabler and a trigger for the intensification of joint efforts aimed at shifting towards more inclusive and equitable global financial governance. Human rights enhancing economic policies, such as progressive taxation on income and wealth, with the private sector paying its

12. S. Dickin et al., Sustainable sanitation and gaps in global climate policy and Financing, npj Clean Water (2020) 24
13. The UN Charter , the UDHR, the ICESCR, (article 2), the UN Declaration on the Right to Development and other
14. Art 2(2), Paris Agreement
15. See, e.g. A/HRC/RES/35/20; A/HRC/RES/32/33; A/HRC/RES/44/7
16. A/HRC/55/37

fair share, and shifting subsidies from fossil fuels to clean energy sectors can lead to a more equitable distribution of revenues within society, while also increasing financing just transition programmes and policies, structural transformation and investments in ESC rights and sustainable development, including social protection.[17]

Specific recommendations for FFD4

The FFD4 outcomes should establish a pathway to mobilizing new, additional, accessible and adequate finance for sustainable development to advance realization of human rights, including the human right to a healthy environment. This could be done through, for instance, a fair and just phase-out and repurposing of fossil fuel subsidies, the introduction of taxes and levies, including windfall taxes and solidarity levies, internalizing human rights costs currently imposed on others, and the establishment of an effective price on carbon.[18]

There is a need for a human rights groundedindicators that measure effective implementation of commitments related to gender equality, access to finance, the rights of Indigenous Peoples, and the participation of rights-holders in climate finance decision-making.

As a matter of human rights and other obligations of States, development finance mechanisms should ensure adequate resources for remediating human rights harm caused by environmental damage, including for climate change loss and damage.

The FFD4 processes and outcomes should guarantee meaningful and effective participation and ensure transparent, inclusive and accountable decision-making.

Financial institutions and other investors should move away from financing fossil fuel projects and redirect those resources in mobilization finance for sustainable development.

Financing for the environment must respect the overriding principle of the primacy of human rights, stated in paragraph 6 of the Guiding principles on foreign debt and human rights of the UN Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights.[19]

The FFD4 processes must ensure the active, free and meaningful participation of individuals and Peoples in decision-making processes related to finance to ensure that development policies, plans, projects and programmes effectively address challenges faced by people who are disproportionately affected by environmental degradation.

Mechanisms should be established to enhance access to direct financing for the communities most affected by environmental degradation.

17. OHCHR/ILO Key Messages on human rights and Just Transition, available at: https://www.ohchr.org/sites/default/files/documents/issues/climatechange/information-materials/key-messages-hr-a-just-trans.pdf

18. A/HRC/57/30: Analytical study on the impact of loss and damage from the adverse effects of climate change on the full enjoyment of human rights, exploring equity-based approaches and solutions to addressing the same - Report of the Secretary-General - Advance edited version

19. Guiding principles on foreign debt and human rights, para. 6.