Lie, damn lie...statistics

By Aditya Ghosh

Ever wondered why bankers and accountants draw fabulous salaries and the developed world, even during their worst economic crisis, bail them out spending trillions of dollars?

Because they, only they can successfully confuse even the smartest, and boy haven't they delivered this time as well! A wonderfully crafty accounting statement packaged in rhetorical circumlocution has been offered as EU's final document on the status of fast start funding carrot that was dangled in Copenhagen COP15 last year in front of the poorer countries to get them on board for a climate deal.

And Cancun has started living up to its rather negative promises – EU definitely slipping from its moral high ground on the very first day of COP16 which they have been resting on for a while ahead of the US in the broader geopolitics over climate change. Which even a first mover's advantage this time with fast start finance would not salvage.

These very countries had promised that they would offer 0.7 per cent of their Gross National Incomes (GNIs) as international aid to fight hunger and poverty. It made headlines. But over past nine years, only a couple of these countries have met these targets. In 2008, (more importantly, before the global economic downturn hit us all) total aid disbursed was US$120 billion, short by some $260 billion (at 2007 prices – *source OECD website*). The worst performers have been the USA and Japan with aid worth 0.18% of GNI, followed by Italy at 0.2%. Sweden (0.98%) was the best performer. Year after year almost all rich nations have contributed around 0.2% to 0.4%, some $100 billion short of the target. Furthermore, the quality of the aid has been poor. In many cases, aid is primarily designed to serve the strategic and economic interests of the donor countries; or to benefit powerful domestic interest groups. Often aid systems are based on the interests of donors instead of the needs of recipients' and wasted on overpriced goods and services from donor countries.
It is in this context that we need to understand why the developing countries, LDCs and small island nations always urged that any money that any of the developed countries pledge towards climate change adaptation and mitigation must to be over and above the ODA commitments that they made to help meeting MDGs. After all, most of the developing countries and LDC's are suffering from what is now known as "Aid Fatigue".

So where does the EU fast start fund pledge fit in? Let us understand this now.

"Old and unmet"

For the ignorants such as myself, I have been scrounging through the document to find the golden words "new and additional". And the blue box where I spotted them did tell me that the EU was indeed *"committed to ensuring that fast start funding and other climate finance does not undermine or jeopardise the fight against poverty and continued progress towards reaching the Millennium Development Goals (MDGs)"* but it still does not explain how they would carry this noble intention forward. Neither is there an explanation, nor any statement of accounts or a mechanism to remotely suggest, if it really is going to be, more money or just recycling and double-counting. Finally in this document EU now quite brazenly admit that the climate fund is a *"part of their ODA"* that has apparently *"increased significantly"*. Details? Don't ask stupid questions!!

Loans

Of the of old and unmet, less than a half will actually be 'aid', the rest (52.1%, €1140 Million) will have to be repaid as they are, as a matter of great travesty, loans. Runge-Metzger, EU's chief climate negotiator, offered a meek defence later, describing it as “highly concessional” loans with grant elements.

Transparency
Half of the funding will be channelised bilaterally, and not through a multilateral agency such as the UNFCCC which should have ideally administered and accounted for the money deposited by the donors and disbursed to the recepients.

Balance
One of the key elements of the Copenhagen Accord was a balanced allocation of the fast start money between adaptation and mitigation. But EU has allocated a part of the fund to REDD (quite speculatively as there is no consensus on the mechanism of REDD yet). Which reduces the fund for adaptation to a mere 30% of the €2.2 billion that EU has pledged in this new document. This means that till the time there is a consensus on REDD, the money (€362 million, 16.4% of the €2.2 billion) need not be disbursed.

Some simple mathematics for the novice in me

If we consider that EU's total ODA commitment up to 2012 was $100 and the new and additional climate-related fund was to be $50 then the total kitty for developing countries and LDC's would have been
100 (X) + 50 (Y) = 150
Now, let's consider the cumulated unmet ODA fund is $50 (A). The ODA reduces to 150-(A) 50= $100 (Z)
Now, the climate fund (Y) becomes a part of the ODA. So the ODA further reduces to:
100(Z)-50(Y) = $50
On top of it, But half of 'Y' is loans, so the total ODA aid reduces to
$50-25=$25
The total amount that EU pays will be $75 instead of a promise $150. A straight forward reduction of its aid commitment by 50%.

The fine prints

One of the rather disturbing fine prints in the document, if you manage to spot it, is where it justifies inclusion of fast start fund in ODA: *“This approach is also contributing to the achievement of the Millennium Development Goals.”* Notice the word 'also' – rather reluctant and shoddy effort to cover its own follies.

Then there is further mess in terms of efforts which mask the distinction between ODA and climate funds. While the rather noble goal of 'climate-proofing' development plans sound an all-encompassing panacea, it also offers a sweet opportunity to furtively merge the ODA and climate fund, because now the 'C' word can serve both the purposes.

It is indeed wonderful to consider a glass half full when it is half empty. But what if when it is fully empty and made to appear full? Now you know why the bankers draw a fatter pay cheque than you?