THAILAND JUST WANTS TO HAVE FUN(DS)!!

Report on Loss and Damage Fund: Avoiding the Financing Trap for Global South, Case study of Thailand

Submission to the United Nations Special Rapporteur on the Right to Development: “Climate justice: Loss and Damage”
Submission to the United Nations Special Rapporteur on the Right to Development regarding Climate Justice: Loss and Damage Fund

Loss and Damage Fund: Avoiding the financing trap for Global South, Case study of Thailand.

Submission by

Manushya Foundation

This work is licensed under Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International Public License (“Public License”). To view a copy of this license, visit: https://creativecommons.org/licenses/by-nc-d/4.0/legalcode

COPYRIGHT

@ManushyaFoundation2024

FOR MORE INFORMATION ON THIS REPORT, PLEASE CONTACT:

Emilie Pradichit
Email: WeAreManushyan@manushyafoundation.org
Tel: +66 (0) 9517 65921
Web: www.manushyafoundation.org

CITATION

Manushya Foundation, Submission to the United Nations Special Rapporteur on the Right to Development regarding climate change and loss and damage: Avoiding the Financing Trap for Global South, Case study of Thailand, April 2024
# Table of Contents

1. INTRODUCTION .............................. 1

2. Human rights-based approach to mitigating the impacts of climate change .................. 2
   2.1. Recognition of indigenous peoples ................................................. 2
   2.2. Human rights and environmental due diligence ................................... 4
   2.3. Early warning systems .................................................................. 5

3. Climate financing trap for the Global South ...................................................... 5

4. Loss and Damage Fund ........................................................................... 5
   4.1. Global North’s responsibility to contribute to the Loss and Damage Fund .... 6
   4.2. Management of the UN Loss and Damage Fund ................................ 7
   4.3. Thailand’s Loss and Damage Fund .................................................. 7

Endnote ........................................................................................................... 9
1. Introduction

Indigenous peoples and rural women are particularly vulnerable to both climate change impacts and measures introduced in the name of the fight against climate change. By increasing their vulnerability to poverty, adverse impacts they face impede the realization of their right to development.

Out of the 300 million population of indigenous peoples worldwide, an estimated ⅔ live in Asia. In Southeast Asia, indigenous peoples live in Myanmar, Laos, Vietnam, Thailand, Cambodia, Malaysia, the Philippines and Brunei with an estimated population of 150 million. Considering indigenous peoples’ close relationship with and dependence upon the environment and its resources, they are among the first to suffer the impacts of climate change.

Additionally to indigenous peoples, rural women in Southeast Asia are mainly holders of traditional knowledge and gatherers of edible wild plants as well as fuel food. Relying on small scale farming activities, natural hazards such as droughts and floods threaten their livelihood and food security (women are already more food insecure than men in every region of the world) leading them to poverty. Moreover, due to cultural norms in the region limiting their ability to swim or climb trees, rural women also have less chances to survive during floods. Considering the share of population exposed to high flood risk in the region (e.g., 46% in Vietnam, 40% in Myanmar, 40% in Lao and 38% in Cambodia), women’s lives appear to be in danger. Further, violence against women due to displacement, resource scarcity and food insecurity are exacerbated by climate change and slow environmental degradation.

While climate action is urgently needed, actions taken in the name of fighting climate change have adversely affected those in the frontline of climate change: rural communities and indigenous peoples.

In Thailand, as documented by the Manushya Foundation, the adoption of measures to protect forests has led to the criminalisation of rural women, indigenous peoples and forest-dependent communities. The cases of indigenous Karen Bangkloi villagers and Sab Wai villagers illustrate a top-down approach to climate action and its negative consequences for the right to development of these communities through deprivation of their homes and means of livelihood.

Indigenous Karen Bangkloi have lived peacefully for over a century in the Kaeng Krachan forest until the area was declared a forest reserve in 1965 and later incorporated into the Kaeng Krachan National Park in 1981. Since 1996, the authorities have been accusing the community of encroaching the forest and have forced them to relocate. In 2021, the Kaeng Krachan forest was listed as a UNESCO World Heritage Site. Meanwhile, since 2021, around 100 indigenous peoples have been forcibly evicted from their home
and 22 were arrested and imprisoned as they refused to leave. They were denied access to their lawyers. The land conflict also involved the enforced disappearance of a land rights defender Porlajee “Billy” Rakchongcharoen. The main suspects of the case, four national park officers, people who were last seen with Billy before he disappeared, were acquitted of murder in September 2023. While in April 2023, as part of his campaign for general election, the former Prime Minister issued an order allowing indigenous peoples to return to their land inside the national park, their right to land has still not been recognized.

In the case of Sab Wai villagers, they have been living and making their livelihood in the forest for generations, inheriting valuable knowledge about their own environment and protecting the forest. But following the enactment of the Forest Reclamation Policy in 2014 to create carbon sinks to offset the country’s carbon emissions, villagers have been wrongly convicted of trespassing, utilizing, and clearing land in Sai Thong national park. Like Sab Wai villagers, thousands of other communities - poor villagers and indigenous peoples - across Thailand have been wrongly charged, and for some jailed, under this policy, and other related bad forest conservation laws.

Thailand’s flawed forest conservation laws and policies, namely the Forest Reclamation Policy and former NCPO (National Council for Peace of Order) Orders 64/2014 and 66/2014 of 2014 enhanced the enforcement of older forest conservation laws such as the Forest Act (1941), National Park Act (1961) and the National Reserved Forest Act (1964). While on 9 July 2019, NCOP Orders 64/2014 and 66/2014 were repealed, their restrictive provisions were incorporated into the amended National Park Act 2019. Between October 2014 and July 2022, 28,664 cases of forest encroachment were recorded. In most cases, people affected were small-scale farmers or indigenous peoples living off environmentally-friendly traditional rotational farming.

2. Human rights-based approach to mitigating the impacts of climate change

2.1. Recognition of indigenous peoples

Climate justice requires the recognition of indigenous peoples and the respect of their rights in all countries they are present. According to the Thai Culture Minister, Sermsak Pongpanich, there are around 10 million indigenous peoples in Thailand.

Despite Thailand having adopted the UN Declaration on the Rights of Indigenous Peoples, indigenous peoples are currently not recognised in Thailand and are deprived of their fundamental rights, including land rights as cases above show. However, it should be noted that on 28 February 2024, the Parliament approved five drafts proposed by the Cabinet, the public sector and political parties to register indigenous peoples as Thai citizens. Consequently, a 42-member committee was set up to revise the Act for the Protection and Promotion of Ethnic Groups’ Way of Life B.E.... proposed by the Cabinet as the main bill for consideration.

According to Section 5, the Act will aim at protecting basic rights and guaranteeing certain rights of ethnic groups, including the right not to be discriminated against, the preservation of cultural diversity, language,
way of life and traditional beliefs, and the management, conservation and utilization of natural resources, environment and biodiversity according to communities’ sustainable way of life and culture. However, Section 6 states that the way of life of ethnic groups must be in accordance with standards and good practices as determined by the Committee for the Protection and Promotion of Ethnic Ways of Life established under Section 7. The Committee will be composed of the Prime Minister, the Minister of Culture, representatives of other ministries, experts in various fields, including ethnicity, law and social development, representatives of ethnic groups, and representatives of NGOs. Section 10 states that among others, the Committee will be responsible for establishing protected areas for ethnic lifestyle and establishing criteria for the management and use of such protected areas. Sections 31 and 32 provide that the establishment of protected areas will give people and communities the right to live there and make use of land and natural resources in a way that is sustainable and does not affect the environment and in accordance with criteria, methods and conditions determined by the Committee. Finally, under Section 33, protected areas will be managed by a committee consisting of representatives of government agencies and representatives of communities living in the area.

While this draft is a welcome step for the protection of indigenous peoples’ rights, it does not provide a guarantee that protected areas will be established where indigenous peoples have their ancestral lands or that all ancestral lands will be declared as protected areas. Despite providing indigenous peoples with the right to participate in the management of activities of private entities that may affect their way of life or their communities, the draft does not explain in detail how communities would be involved and does not require their free, prior and informed consent before the conduct of business activities.

**Recommendations**

Indigenous peoples should be protected from eviction from their ancestral lands. Therefore, it should be explicitly stated in the Act that protected areas will correspond to areas where indigenous peoples have been living to prevent any displacement and that all indigenous lands’ will be recognized as protected areas. Further, to ensure that indigenous peoples will not be adversely impacted by corporate activities, the Act should restrict harmful activities that can be carried out in protected areas. The Act should also enshrine the right to free, prior and informed consent of indigenous peoples and provide further guarantees on how communities will participate in the management of activities of private entities that may affect their way of life.

**2.2. Human rights and environmental due diligence**

Under the guise of energy security and net zero ambition and energy transition to renewable energy, investments and business operations have caused grave human rights and environmental impacts.

Thai investors, including state-owned enterprises, have financed large-scale hydropower projects domestically and in Cambodia, Myanmar, and especially Laos, which is becoming the ‘unsustainable battery of Southeast Asia’ and where projects have had detrimental impacts on communities’ lives, livelihoods and environment.
Further, the Thai government has encouraged companies to have leading roles in proposing policies or developing carbon credit mechanisms to assist and benefit themselves to the detriment of local communities. For instance, on 5 October 2022, the government approved private companies to lease national reserved forest land. Land that is being used to create carbon sinks through reforestation projects allows authorities to evict communities from their homes.

**Recommendations**

Considering its obligations to protect human rights, Thailand should enact legislation requiring mandatory human rights and environmental due diligence. Such due diligence should apply to financial institutions and state-owned companies whether conducting their activities domestically or abroad. Further, when developing climate related legislations, Thailand should consider human rights impacts, particularly on indigenous peoples and rural communities when implementing them.

Thai companies and foreign companies operating in Thailand should conduct human rights and environmental due diligence and reform their business models. Development financial institutions, in addition to conducting due diligence to ensure that entities and projects they are funding are not causing adverse human rights impacts, should ensure funding is accessible by communities most affected by climate change.

Lastly, all actors, States and companies, should meaningfully engage with potentially affected stakeholders, implement actions in transparency and provide remedy when their activities cause harm.

2.3. Early warning systems

To prevent the direct impacts of climate change-related loss and damage on human rights, States should invest in early warning systems. Currently only half of the countries have them.

Thailand has several early warning systems in place for different types of hazards. The National Disaster Warning Center which was established in the aftermath of the 2004 monitors all hazard risks.

3. Climate financing trap for the Global South

While losses and damage due to climate change are concentrated in the Global South, developing countries face financial barriers such as weak exchange rate, high debt and high cost of capital, preventing them from accessing climate finance. Instead of building resilience, research has shown that climate finance has driven poor countries deeper into debt. The high prevalence of loans in climate finance, and the type of these loans - non-concessional loans - increase developing countries’ financial vulnerability.

**Recommendations**

To prevent climate finance from putting an excessive financial burden on developing countries it is key to prioritize no cost grants over loans. Further, when loans are used, they should be concessional loans with low interest rates and/or longer grace period for repayments. The issue of currency should also be taken
into account as loans in foreign currency can expose developing countries to soaring costs over servicing their debt in the case of exchange rate fluctuations or depreciations over time.

Finally, it is crucial that climate finance include human rights in its management to ensure that projects financed are not adversely impacting human rights, and particularly indigenous peoples’ and rural communities’ rights.

4. Loss and Damage Fund

4.1. Global North’s responsibility to contribute to the Loss and Damage Fund

Environmental law is based on two universally recognized principles: the Principle of Common but Differentiated Responsibilities and the Polluter Pays Principle. The Principle of Common but Differentiated Responsibilities is enshrined in the UN Framework Convention on Climate Change under Articles 3 and 4, in the Kyoto Protocol under Article 10 and in the Paris Agreement under Articles 2 and 4. The Polluter Pays Principle is enshrined in the Rio Declaration on Environment and Development under Principle 16. Those principles constitute a legal basis for States and companies, particularly from the Global North, to contribute to the Loss and Damage Fund as they are primarily responsible for climate change.

In addition to these legal principles, the concept of climate justice understood as including distributive justice (the allocation of burdens and benefits among individuals, nations and generations), procedural justice (who decides and participates in decision-making), and recognition (respect and robust engagement with and fair consideration of diverse cultures and perspectives) also constitutes a basis for contribution to the Fund.

Recommendations

Considering the role of the extractive sector in climate change, States should enact legislation on windfall tax on oil and gas companies. In 2022, as a consequence of the Russian invasion of Ukraine, the five largest oil and gas companies from the Global North made $134 billion in windfall profit. This amounted to four-fifths of the $168 billion in damages caused by the 10 worst climate-fueled extreme weather events in 2022. The income from windfall tax from Global North companies should fund climate change related loss and damage grants for the Global South.

4.2. Management of the UN Loss and Damage Fund

Decision CP.28/CMA.5 states that “the Fund will establish consultative forums to engage and communicate with stakeholders” and that “the Fund will develop mechanisms to promote the input and participation of stakeholders.” Decision CP.28/CMA.5 also provides a list of considerations the resource allocation system will take into account and provides safeguard policies, by stating that “the Fund will ensure that best practice environmental and social safeguard policies are applied to its activities ... each implementing entity applies such best safeguard policies when implementing activities financed by the Fund.” Lastly, the Decision states that “Activities financed by the Fund will use the implementing entity’s
Independent grievance redress mechanism to address complaints related to activities financed by the Fund. ⌂

Recommendations

To ensure effective access to the forums and mechanisms for local CSOs, indigenous peoples, youth, women and climate induced migrants from the Global South, barriers should be lifted as much as possible:

● Communication with stakeholders and documentation shared with them should be intelligible, precise and concise.

● If travel is required, transportation and accommodation costs should be borne by the Fund. Additionally, it should be noted that travel may incur additional costs for some stakeholders (e.g. farmers may need to hire someone to conduct their activities) and they should also be compensated.

● Stakeholders should be able to participate in their native language. If documents provided by stakeholders or the Fund require translation, such translation should either be administered by the Fund or its cost should be borne by the Fund.

In addition, consultation and engagement should ensure that:

● Gender balance is respected.

● Voices and experiences from the Global South are put at the forefront.

● Discussions always include an intersection and gender lens.

Further, project-managers from the Global North carrying out activities in the Global South should take necessary actions to gain knowledge on how to engage in a culturally appropriate way with communities that will be impacted by their projects, for instance through training carried out by local organizations and hiring local experts.

Concerning the allocation of funding, detailed criteria used should be publicly available. Priorities should be given to the most vulnerable populations, taking a bottom-up approach, i.e., populations’ needs and knowledge on climate resiliency should be prioritized for instance through financing communities led-initiatives. Further, to ensure accountability, the list of beneficiaries, the amount allocated and the modalities of the allocation should be publicly available.

Regarding safeguard policies, while environmental and social safeguard policies will undoubtedly cover some human rights aspects, it is important to stress that often, environmental and social standards fail to cover all human rights aspects (for instance, civil and political rights of those opposing a project). Therefore, it is crucial that human rights, in accordance with the UN Guiding Principles on Business and Human Rights, are fully integrated in safeguards policies.

Lastly, it is key that grievance mechanisms meet the core criteria set up in the UN Guiding Principles on Business and Human Rights. Further, such mechanisms should not prevent individuals or groups impacted by a project financed by the Fund from holding the Fund itself accountable. Accountability should not be passed only on the entity implementing the activities. In fact, as a lender, the Fund has its own
responsibilities to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights.

4.3. Thailand’s Loss and Damage Fund

Thailand is currently developing the Climate Change Act which provides in its Chapter 4 for the establishment of a Climate Change Fund. Under the draft, funding will come among others from revenues from the emission trading systems, fees from licensing the use of carbon credits for international transactions, funds or other assets received from both domestic and foreign private sectors, foreign governments or international organizations. The Fund will be managed by a committee consisting of the representatives of various ministries, including the Ministry of Natural Resources and Environment, the Ministry of Finance, the Ministry of Energy as well as experts in various fields, including investment, law, economics, and science, and members of the private sector. Under Chapter 12, funding will be available to government agencies, registered private environmental organizations, public organizations, local administrative organizations, educational institutions, and private entities.

Section 7 under Chapter 1 guarantees individuals and communities for (a) the right to receive information and support from the authorities in order to prepare for the consequences of climate change, (b) the right to access information on risk assessment and impacts from climate change, (c) the right to express opinions on the management of climate change, (d) the right to receive promotion on the implementation of climate change programs, and (e) the right to access justice and receive remedy when their rights have been violated. However, the Act does not include communities’ representatives or civil society organizations in the management of the Fund. Additionally, communities and civil society organizations are not explicitly listed as beneficiaries of the Fund.

Recommendations

Communities impacted by climate change should explicitly be entitled to receive fundings. To ensure their needs are taken into consideration, communities’ representatives and civil society organizations should be included in the management of the Fund by being members of the management committee.
Endnotes


13 Manushya Foundation, *#SaveSabWaiVillagers from Forced Evictions & Extreme Poverty! The Unfair Criminalization of 14 Villagers under Thailand’s “Forest Reclamation Policy”*, available at: https://www.manushyafoundation.org/campaign-savesabwai-villagers-intro

(25 March 2021), para. 2.4, available at: https://www.manushyafoundation.org/joint-upr-submission-landrights


Manushya Foundation, Complaint for Urgent Action for Protection of the 14 Sab Wai Villagers, facing human rights violations due to Thailand’s False Climate Solutions, (04 August 2022), Annex 5, available at: https://www.manushyafoundation.org/complaint-for-urgent-action-savesabwai-villagers-from-forcedevictions

Thai Enquirer, The cabinet has approved, in principle, the draft bill to register Indigenous peoples as Thai citizens (06 February 2024), available at: https://twitter.com/thaienquirer/status/1754864351773001137?lang=en


The Standard, สภาฯ ร่างหลักการร่างกฎหมายชาติพันธุ์ 5 ฉบับแรก ส่งเสริมวิถีและสิทธิคนทุกกลุ่ม, (28 February 2024), available at: https://thestandard.co/5-bills-on-ethnic-groups-passed/


Manushya Foundation, The People’s Declaration for a Just, Feminist, Green and Inclusive Transition on Energy, Environment, Natural Resources, and Forest #WeAreJustTransition, (18 November 2022), available at: https://www.manushyafoundation.org/people-declaration-wearejusttransition-movement


According to the Climate Policy Initiative, in the decade 2011-2020, concessional finance was 16% of total climate finance, and grant finance less than 5%. *Global Landscape of Climate Finance: A Decade of Data*, (27 October 2022), available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-a-decade-of-data/


UNFCCC, *Decision -/CP.28 -/CMA.5*, (November 2023), available at: https://unfccc.int/loss-and-damage-fund-joint-interim-secretariat

UNFCCC, *Decision -/CP.28 -/CMA.5*, (November 2023), available at: https://unfccc.int/loss-and-damage-fund-joint-interim-secretariat