**Voice for Climate Action(VCA) Submission on NCQG**

**The submission has two components: key messages and full text**

 **Key messages**

The submission is on behalf of the Voices for Just Climate Action (VCA) Alliance led by the Worldwide Fund for Nature Netherlands (WWF-NL), SouthSouthNorth(SSN), Akina Mama wa Afrika(AMwA), Slum Dwellers International (SDI), Fundación Avina and Hivos. The alliance brings together 150 civil society actors and underrepresented groups from Tunisia, Kenya, Zambia, Indonesia, Brazil, Paraguay, and Bolivia. This submission is based on and motivated by the lived experience of local actors and underrepresented groups in responding to climate change and the mandate to connect and scale up locally led climate solutions to safeguard and improve the lives and livelihoods of local communities.

Recognising that locally led solutions should be at the centre of the global response to climate change and the imperative to adequately finance, connect and scale up local solutions to respond to climate change and achieve the 2030 agenda for sustainable development.

The VCA alliance submits to the ad hoc programme on the new quantified climate finance goal (NCQG) the following inputs for consideration:

1. Foremost, the results of the ad hoc programme should include a quantitative subgoal of the NCQG on finance for local climate solutions. In addition, concrete targets should be set for climate finance to reach the local level to finance local climate solutions driven by local communities, including priority rights holders like youth, indigenous peoples, migrants, women, etc. A sub-goal and a concrete target would enable local actors and underrepresented groups to demand delivery of finance and connect locally led solutions for broad-based climate action. This sub-goal should be a response to the lessons learned in the provision of climate finance to date, where local climate solutions have been underrepresented, their needs rendered invisible and what little flows have reached this level have translated into debt.
2. The NCQG must facilitate transformative change in the climate financing architecture, ensure the implementation of article 9 of the Paris agreement, and include local communities in shaping and tracking the dramatic scaling up of climate finance. There should be a clear reflection of article 9.4 and the need for adaptation finance to be public and grant-based and reach local levels.
3. The NCQG must include modalities of financing and tracking that reflect the differentiated needs of different societies in developing countries at different levels, consider the urgency, scale, level of access and modalities, and differentiate between adaptation, mitigation and loss and damage. This could significantly improve access to finance by local communities and underrepresented groups for their locally led climate action. A single goal with no targets for mitigation, adaptation and loss and damage and no guidelines for locally led actions is in detriment to the needs of developing countries.
4. The NCQG should mainly focus on grant finance, and the quality criteria must promote a long-term, patient, flexible and programmatic approach. The criteria for quality of climate finance should also include separating climate finance and country ownership, strengthening country systems, reducing fragmentation, and increasing transparency and mutual accountability. Improved quality of climate finance would enable local actors and underrepresented groups to access finance and scale up and sustain their solutions. Current finance flows motivated by the current 100bn goal have never differentiated between financial instruments and therefore, have translated in over 90% of those flows being reimbursable, which has a direct impact on the level of indebtedness of developing countries towards developed countries. It makes no sense to report the acquisition of external debt as an achievement in climate finance.
5. The future climate finance goal should consider simplifying the access modalities for both bilateral and multilateral climate finance flows. The NCQG should enable access to climate finance by subnational governments, local communities and indigenous peoples and be gender responsive. It should recognise the challenges of accessing climate finance for developing countries at national and local government levels and local small-scale activities, including community actors. The challenges posed by the current delivery mechanism for local actors to access climate finance have been documented by the VCA alliance and partners. Current sources of international climate finance are aimed at national governments and limit the participation and opportunities to local actors.
6. The new goal must build on a transparency framework under the UNFCCC for tracking progress on the delivery of climate finance. It would be useful to consider the progress made on aid transparency efforts and the potential benefits of an independent and credible climate finance data aggregator and develop and report on specific indicators for their financial reporting systems that capture financial flows that are received by local communities and specifically priority rights holders and detail how these groups are involved in decision making.
7. It should adopt gender transformative approaches as guiding principles and a cross-cutting mandate in formulating future climate finance goals and instruments to transform the gendered and structural inequalities that hinder the achievement of inclusive and sustainable outcomes.
8. It should consider the principles of locally led adaptation. And promote local ownership[[1]](#footnote-1), inclusiveness, transparency of financial flows, decision making and governance, accountability mechanisms, and coherence of policies and practice.
9. It should be guided by international commitments and agreements: the 2030 agenda for sustainable development, Agenda 2063, Addis Ababa Action Agenda; and the Rio Declaration on Environment and Development.
10. The new goal should guarantee a balance between mitigation and adaptation and reflect the need for public grant-based resources for adaptation, in line with article 9.4 of the Paris Agreement.

**The Full text**

1. **Introduction**

The submission is on behalf of the Voices for Just Climate Action (VCA) Alliance led by the Worldwide Fund for Nature Netherlands (WWF-NL), SouthSouthNorth(SSN), Akina Mama wa Afrika(AMwA), Slum Dwellers International(SDI), Fundación Avina and Hivos. The alliance brings together 150 civil society actors and underrepresented groups from Tunisia, Kenya, Zambia, Indonesia, Brazil, Paraguay, and Bolivia.

The VCA alliance aims to ensure that by 2025, local civil society and underrepresented groups will have a central role as creators, facilitators, and advocates of innovative and inclusive climate solutions. Their Inclusion is crucial for effective and lasting climate responses.

1. **Context**

VCA alliance and partners appreciate the invitation by decision 9/CMA.3 for stakeholders to contribute to the NCQG discussions.

VCA is a direct response to the funding challenge and limited participation of local societies. It is designed to contribute to a connecting of movements and a platform for local people to provide perspective on global climate decisions, especially climate finance.

The VCA alliance appreciates progress made by the Ad-hoc work programme on the new collective quantified goal of climate finance which started based on decision 9/CMA.3 and in response to mandates contained in the 21st session of the Conference of Parties ([1/CP.21, para. 53](https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf#page=8)).

The alliance calls on the Ad hoc programme co-chairs to ensure an increased representation of civil society, marginalised groups and indigenous people in its work programme and promote locally led solutions and tangible proposals.

 **C. Issue**

The VCA alliance believes that adequately financed locally led solutions should be the core of the global response to climate change. There is growing evidence that local climate solutions effectively strengthen the local response to climate change and contribute to the achievement of the 2030 agenda for sustainable development goals. Working with the information available, IIED's rough estimate for 2003-15 is that only 11% of climate finance, or US$1.6 billion, flows to the local level[[2]](#footnote-2). Therefore, there is an urgent need to prioritise finance for locally led climate solutions.

The alliance emphasises the importance of finance for locally led and owned solutions being considered in formulating the new collective quantified goal on climate. The alliance understands there are several barriers to increased mobilisation and access to finance for local climate action; these include:

* There are inadequate international commitments and prioritisation in the absence of an agreed international goal for local financing and poor oversight of policies for local financing. This has incentivised/ favoured funding of large and centralised projects and programs led by national governments and international implementing agencies, minimising the role of local stakeholders.
* The complex climate finance disbursement architecture within many countries has become a critical barrier to increased finance flows to the local level. This includes the lack of simplified access modalities for local actors, who are required to comply with the complex rules and conditions of different international donors and funders.
* Furthermore, current structures rely heavily on the capacities of national stakeholders and designated authorities to engage with local stakeholders, which in turn is dependent on political circumstances and willingness and in practice, translates to obstacles from local stakeholders to access international finance.
* The lack of local structures and capacities means that local actors usually cannot meet international donors' and funders' stringent governance and fiduciary requirements. Also, the lack of skills and experience within local institutions means that local communities and actors cannot clearly articulate the needs and develop strong local project funding proposals.
* Finally, international finance sources have little to no appetite to finance climate solutions at a scale that is relevant to local stakeholders. Projects of less than 10 million dollars are seen as small sized, and implementing agencies have no interest in supporting their development or implementation.

**d. VCA submission**

The VCA alliance recognises the need to prioritise local climate finance for an enhanced response to climate change and progress toward achieving the 2030 agenda for sustainable development and Agenda 2063 and duly noting the barriers to increased flow and access of finance for local climate action.

1. **Principles/Priorities**

The new climate finance goal should take into consideration and be guided by key international agreements, including:

* The 2030 agenda for sustainable development and Agenda 2063
* The Addis Ababa Action Agenda for financing development
* The Rio Declaration on Environment and Development

It should consider the principles of locally led adaptation and promote local ownership[[3]](#footnote-3), inclusiveness, transparency of financial flows, decision making and governance, accountability mechanisms, and coherence of policies and practice.

It should be rooted in human rights-based approaches that centre on the needs and rights of priority rights holders, including women, indigenous peoples, people with disability, black and brown people, and gender expansive persons, among others.

It should adopt gender transformative approaches as guiding principles and a cross-cutting mandate in formulating future climate finance goals and instruments to transform the gendered and structural inequalities that hinder the achievement of inclusive and sustainable outcomes.

The NCQG must lead to transformative change in the financing architecture, ensure implementation of article 9 of the Paris agreement, and involve local communities in shaping and tracking the dramatic scaling up of climate finance.

The NCGQ must reflect the modalities of financing and tracking the differentiated needs of different societies in developing countries at different levels, consider the urgency, scale, level of access and modalities, and differentiate between adaptation, mitigation and loss and damage.

The goal should contribute to the problems created by the current goal, where resources have been aimed at mitigation, have been focused on reimbursable instruments, have mostly been mobilized by the private sector, and have practically not been accessible to local stakeholders.

1. **Scope**

The thematic scope should be defined by developing countries' needs and priorities, including local communities and priority rights holders. It should balance mitigation, adaptation, loss, and damage while recognising the imperative for adaptation given its direct link to and support for locally led climate action. More focused on adaptation with specific emphasis placed on indigenous knowledge and resources with specific priority given to financing for loss and damage. Noting that loss and damage may be prioritised in some regions/countries rather than others based on past/current ability to recover from climate impacts and ability to ensure resilience.

1. **Quantity /scale**

The new goals should consider current and future estimations of the needs of the developing countries, note the NDR processes (Needs Determination of Developing Countries Report) and align ambition to 1.5 c. There are estimations of the financing needs for mitigation, adaptation, loss, and damage in line with the Paris agreement. This should be guided with a greater focus on adaptation and resilience, loss and damage, and the needs of poor and vulnerable countries. Current needs estimates prepared by the Standing Committee on Finance refer to a scale of over 5 trillion dollars a year.

The new goal should consider the subgoals to set guiding targets for finance flows for locally led climate solution**s.** The new goal should set a concrete target that needs to reach climate solutions driven by local communities, including priority rights holders like youth, Indigenous Peoples, migrants, women, etc., and prioritise these funding flows. There is a precedent for such goals for broader development cooperation. The United States Agency for International Development has set a target of 30% of development funding to be allocated for local solutions.

1. **Quality**

The ad-hoc work programme should recognise and build on an international agreement on "effective development cooperation" and particularly the Addis Ababa Agenda for action for financing for development.

The New goal should be composed of grant finance, and it must promote a long-term and flexible programmatic approach.

The Ad hoc work programme should consider the outcome of ongoing work on the definition of climate finance by the standing committee on finance(SCF) as mandated by decision 5/cp.26.

The Criteria for quality of climate finance should include untying climate finance, country ownership, strengthening country systems, reducing fragmentation, inclusive decision making, and increased transparency and mutual accountability. Transparency should include measures to understand how much climate finance reaches the local level.

 The new goal must consider the following principles for locally Led adaptations in formulating the quality criteria.

1. Devolving decision-making to the lowest appropriate level
2. Providing patient and predictable funding that can be accessed more easily
3. Investing in local capabilities to leave an institutional legacy:
4. Building a robust understanding of climate risk and uncertainty:
5. Flexible programming and learning

**5. Access**

The Ad hoc working programme should recognise the challenges of accessing climate finance for developing countries at national and local government levels and local small-scale activities, including community actors.

 The future climate finance goal should consider simplifying the access modalities for both bilateral and multilateral climate finance flows. The NCQG should enable access to climate finance by subnational governments, local communities and indigenous peoples and be gender responsive.

The new goal should promote the inclusive provision of finance while fostering enabling environments to increase absorptive capacity, planning abilities and capability to design bankable projects.

The new goal should recognise the following policy and practise that is critical for enhanced access at the local level:

**Ensure national financing mechanisms/platforms are in the driving seat**

* Ensure international intermediaries must work with in-country financing mechanisms and platforms that lead and own activities, building capabilities and skills needed to sustain the work. In the long-term international organisations should work towards making themselves redundant as intermediaries.
* Use existing local structures to channel finance and ensure that these structures are participatory, transparent, and accountable.
* Design and implement simplified access and approval processes or frameworks for local actors (including communities and priority rights holders) with weaker financial management systems or limited track records in managing climate and development funds.
* Streamline the number of intermediaries for finance destined for local communities to ensure that decisions are devolved to the lowest level possible

**Create local ownership of climate solutions**

* Ensure participatory funding and oversight structures that enable civil society organisations, local institutions, and communities, including priority rights holders, to have the decision-making power over how adaptation & mitigation actions are defined, prioritised, designed and implemented
* Efforts should be made to eliminate third-party contractors as these essentially result in a reduction in the number of funds ultimately received by a given country or community. Instead, effort must be made to strengthen the technical capacity of countries, i) fast-tracking country's accreditation processes; ii) strengthening country's capacity to apply for funding.

**Strengthen capacity in the long term**

* Improve local institutions' capabilities to understand climate risks and uncertainties, generate solutions and facilitate and manage adaptation initiatives over the long term without being dependent on project-based donor funding.
* Provide finance for adequate and sustained technical capacity development of local institutions and actors to be better equipped to access funding

 **6. Sources**

The new goal should primarily focus on non-reimbursable international public finance (in the form of grants) from developed to developing countries, considering the developed countries' responsibility. While recognising the role of both public and private and new and innovative sources of finance, reporting the acquisition of external debt as an achievement in climate finance, makes little sense. The Ad Hoc working group should consider challenges developing countries face to mobilise finance for climate change response, the lessons from the previous commitment of USD100 billion entered on COP15, and experiences/ lessons learned of mobilisation of finance for COVID recovery.

**7. Transparency**

The new goal must build on a transparency framework under the UNFCCC for tracking progress on the delivery of the goal.

It would be useful to consider the progress made on aid transparency efforts and the potential benefits of an independent and credible climate finance data aggregator. The ad hoc working group needs to consider starting a process to establish the climate finance data quality framework in line with United Nations National (Data) Quality Assurance Frameworks.

* Develop and report on specific indicators for their financial reporting systems that capture financial flows that are received by local communities and specifically priority rights holders and detail how these groups are involved in decision making
* Ensure transparency of funding flows and downward accountability to civil society organisations, including those representing vulnerable communities/priority rights holders.
1. Not just by developing countries but local communities, including priority rights holders should be driving decisions [↑](#footnote-ref-1)
2. https://www.iied.org/climate-finance-not-reaching-local-level [↑](#footnote-ref-2)
3. Not just by developing countries but local communities, including priority rights holders should be driving decisions [↑](#footnote-ref-3)