

Proposed forum topics (*additional note*)

D. Vertical integration of NDC and NAP processes from a financing perspective

1. Rationale

1. Parties recognize the local and subnational dimensions of adaptation to protect people, livelihoods and ecosystems, country ownership including at subnational and local levels, and the need to take into account the urgent needs of developing country Parties particularly vulnerable (Art. 7 and 11, Paris Agreement). The Green Climate Fund aims for a 50:50 balance between mitigation and adaptation investments over time. It also aims for a floor of 50 percent of the adaptation allocation for particularly vulnerable countries, including LDCs, SIDS and African States.

2. Support for mitigation however remains much larger than support for adaptation: in the period 2015–2016, bilateral finance flows from OECD-DAC providers had the greatest proportion intended for adaptation at 29 per cent (UNFCCC SCF BA 2018). Some observers further note that less than 20% of the funding for adaptation goes to the most vulnerable communities in the most vulnerable countries (ICCDP, 2019).

3. The financing gap for adaptation and subnational climate responses calls for the creation of “intentional and strategic linkages” between international, national and sub-national financing, planning, implementation, and monitoring and evaluation of climate action, bringing a financial perspective to the vertical integration of NDC and NAP processes supported by various entities in particular the NDC partnership, NAP Global Network and NAP Global Support Programme.

4. Financing instruments of the Convention and the GCF are aligned with priorities of developing countries through the principle of country ownership. In particular, the Fund has established a direct access modality so that national and sub-national organisations can receive funding directly, rather than only through international intermediaries.

5. Considering the high number of subnational authorities and actors, there is a need to explore how they could access international climate finance in a regular, predictable, systemic yet verifiable manner through their central governments and/or national implementing entities, in a form of mediated direct access.

6. The proposed topic will build on the 2019 SCF Forum on “Climate Finance and Sustainable Cities”, while addressing the need to exchange information among bodies and entities dealing with local governments more widely in relation to climate change, in order to promote linkages and coherence. The proposed topic will address the issue of subnational climate finance, linking vertical integration of NDC and NAP processes with financing instruments, with a view to inform the Convention.

2. Possible themes

7. Sub-themes may include, but not limited to:

(a) Undertaking country “territorialised” climate risk assessments and local climate risk assessments and establishing local information systems for risk informed decision making

(b) Capacity building at national and subnational government level for mainstreaming climate change adaptation into planning and budgeting processes

(c) Experience sharing from LDCs, SIDS and African States with intergovernmental fiscal transfers channelling climate finance (performance-based grants) to subnational authorities

(d) Experience with direct access to climate finance and budget support for national scale ups of country-based mechanisms for subnational action

(e) Exchange with piloting methodologies for the monitoring and evaluation of climate change adaptation, capturing adaptation additionality at the local level

(f) Securing co-benefits between adaptation and mitigation and other SDGs in particular SDG5 and SDG8 through local climate responses

3. Potential partners and events

8. It is proposed to organize the SCF Forum in conjunction with the Local Climate Adaptive Living (LoCAL) Facility Board co-chaired by UNCDF and by the LDC group coordinator to the UN, which convenes annually its member and candidate countries¹ and can secure venue, hospitality and video streaming for the number of participants expected at the SCF Forum.

9. Participants from the LoCAL Board already include ministries in charge of local governments, climate change, finance and/or NDA and NIE.

10. Observers from past meetings expected to attend include: ACP Group of States Secretariat, AfDB, BOAD, KEI, GCF, COM-SSA, EU GCCA, ICLEI, UfM, UNFCCC, and WRI; additional foreseen partners include GCOM, NAP GN, NAP GSP, NDC partnership and IsDB, amongst others.

11. UNCDF will explore with partners possible avenues to bring additional participants from developing countries ensuring a geographical balance across UNFCCC groups.

¹ : Bangladesh, Benin, Bhutan, Burkina Faso, Cambodia, Chad, Cote d'Ivoire, Ghana, Lao PDR, Lesotho, Liberia, Malawi, Mali, Mozambique, Nepal, Niger, Sao Tome e Principe, Tanzania, The Gambia, Tuvalu and Uganda are participating or candidate countries.