

First technical expert dialogue on NCQG (BoG Session 1: Team Buffalo): The NCQG in the context of contributing to accelerating the achievement of Article 2 of the Paris Agreement

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How can the NCQG accelerate the achievement of Art. 2 PA? What should technical discussions address in order to ensure the obj. of the NCQG WP are reached?

Response from Faith Lumonya, Akina Mama wa Afrika
Ease the processes of accreditation of National implementing entities to the different funds. Also fast track the process of beginning to access the financing once a country has been accredited. Countries have reported delays in receiving funds up to 2 years even after being accredited. Need to enhance country level capacities for countries to access the finance to reduce on third party support by consultants who seek commissions.

Response from Liane Schalatek:

Financial flows under NCQG should be in fulfillment of the requirements under Art. 4.3 for developed countries to provide climate finance to developing countries; as such the NCQG is a sub-set of the much broader financial shifts in the financial and economic system that we need to see, but one that should be informed by specific attributes and normative framing.

Rene Schieritz, Global Water Partnership

The topic of access to climate finance, and capacity of developing countries to access existing climate finance resources, requires significant consideration. Climate finance should be structured so as to also improve and streamline access specifically for countries and sectors that are highly vulnerable.

By also addressing that article 2.1c asks for "making" (!) finance flows consistent... The NCQG has to (also) address such qualitative aspects.

NCQG should differ significantly from previous climate finance goals in terms of its content and the multiple dimensions that need to be considered, including, importantly, the role of science.

Faith Lumonya, Akina Mama wa Afrika, Uganda

The Model of Climate finance needs to be tweaked to move away from being largely loan financing. Especially given the fiscal situation of a number of countries, partly caused by COVID 19 and the broader debt situation.

How can the NCQG accelerate the achievement of Art. 2 PA? What should technical discussions address in order to ensure the obj. of the NCQG WP are reached?

Response from Abhishek Acharya, India

1. Global action on climate change is contingent on the delivery of timely and adequate climate finance. The availability of adequate, credible, predictable, new and additional climate finance holds the key in successful implementation of climate actions by developing countries. Recent estimates for climate action in developing countries are laying out the case for trillions and not billions in new and additional financing.
2. The quantum of the New Collective Quantified Goal should be such that it makes finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development in developing countries as visualized in Article 2 of

the Paris Agreement. The financial support should be unencumbered.

3. The technical discussion should focus on ensuring the quality, scale and scope of the flow of finance towards emissions reduction as per the global goal; build adaptive capacity and climate resilient economic infrastructure in developing countries including vulnerable countries, and preserve food security for all across the planet. Article 2 of the Paris Agreement in fact seeks to strengthen the global response in the context of equity, CBDR, Sustainable Development and poverty eradication. Hence, the above priorities must be balanced and one goal cannot be permitted to override the other.

4. From LMDC's point of view we emphasize an ambitious New Collective Quantified Goal from the developed countries to enable developing countries to better plan their long-term climate action plans.

5. Article 2 makes reference to the general objectives of the Paris Agreement, but this discussion must not ignore that the agreement envisages financial support for the implementation of mitigation, adaptation, and reporting efforts for developing countries coming from developed countries. This way, the NCQG should have clarity on how it will guide developed countries in providing appropriate support for all 3 objectives of the Paris agreement in a differentiated manner, that is to say, the most appropriate instruments and channels for article 2a, for 2b and for 2c. Otherwise, with no guidance, the NCQG will be outside of the scope of guidance of the CMA.

What info is available on fin. & investment flows & needs to be considered to ensure NCQG contributes to the achievement of a pathway towards low GHG emission and climate-resilient dev.?

In addition to the sources mentioned above also OECD Climate finance report provides information on aggregate trends of annual climate finance provided and mobilized by developed countries

Faith Lumonya, Akina Mama wa Afrika

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the scope of finance and finance flows is also as an enabler of other systemic and infrastructure- is becoming hugely important-

it needs to line up better with 1.5 degrees and the SDGs - finance has historically been full of perverse incentives and now needs coordination with other aspects of the UNs work

Given that climate impacts are gendered by a large percentage- and most financial flows and even data and research funding are moderated decided by men including most academic journals-- it seems the most important thing must now be to create mechanisms for diversity- real diversity- within and between countries- and research funding

and funding allocations and financial flows capital investment etc now needs immediate rectification plus indigenous peoples- who often have knowledge not available elsewhere- we need to rebalance this both in terms of current balances but also historic imbalances and disproportionate infrastructural climate impacts - and systemic climate impacts due to historic imbalanced finance- and now urgently needed- as its clear that even the peace etc is impacted by this which is tending to push finance towards peace not jeopardized by women -and indigenous peoples etc- so true diversity and SDG now needs to be financed properly and decided by non standard actors-

Response from Liane Schalatek

In addition to financial flows reportings (such as the SCF reports on biennial flows or the needs report, as well as reporting under Art. 9.5 and 9.7 under the Paris Agreement) it would be important to consider also financial information outside of the UNFCCC context, such as for example indebtedness levels of developing countries.

What info is available on fin. & investment flows & needs to be considered to ensure NCQG contributes to the achievement of a pathway towards low GHG emission and climate-resilient dev.?

Response from Abhishek Acharya India

1. The fourth Biennial Assessment of Standing Committee of Finance provides an updated overview of climate finance flows in 2017 and 2018. The assessment mentioned that the total public financial support reported by Annex II Parties in October 2020 amounted to USD 45.4 billion in 2017 and USD 51.8 billion in 2018. However, there is a lack of a multilaterally agreed operational

definition for climate finance that has resulted in uneven reporting by the developed countries on their climate finance contributions under UNFCCC. To remedy this situation, a clear and operational definition of climate finance is needed.

2. The Needs determination report (NDR) covers the needs of developing countries. The first NDR presents quantitative information or costed needs and qualitative information on the needs of developing country Parties.

3. Besides, there are other formal mechanisms of communication under the UNFCCC, such as NDCs, Adaptation Communications that contain information on their needs relating to the implementation of the Convention and the Paris Agreement.

How can technical discussions best address linkages between finance and investments needs for the implementation of Article 2.1(c) of the Paris Agreement?

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Response from Abhishek Acharya

1. The costed needs cumulatively amounting to USD 11.5 trillion till 2030, and Global climate finance flows averaged to just USD 775 billion in 2017-2018. Furthermore, through credible institutions, on the fact that the investment gap is by far greater today than the USD 100 billion mark placed in the Paris Agreement, which is enormously high and will resist nations for achieving their targets. Considering the fact, the current stated cost of needs lags behind considerably than the actual costs due to data inconsistencies, gaps and interpretation challenges and also needs will increase with time due to the carbon stock in the atmosphere, and thereby the actual costs will be at a very higher range, so serious progressions should be visible in the climate flows to achieve the NDCs targets.

2. Therefore, it is underscored that unless the new collective quantified goal is ambitious, there could be serious implications towards achieving developing country's NDCs. The new quantified goal should specify not only the (i) quantity of the long-term finance, but its (ii) quality, (iii) scope, (iv) access to and operating mechanism of the finance and (v) the methods of tracking the flows of such finance in a transparent manner.

3. So, a technical dialogue must focus on the quantum of NCQG that should be such that it makes finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development as visualized in Article 2 of the Paris Agreement. Along with the quantum, quality of climate finance flows is central to the discussion. By quality, we mean focused discussion on instruments and channels, and these need to be components of the new goal.

4. Also, since the first guiding question already takes into account the Article 2 in its entirety, what is the need to specifically discuss Article 2.1.c?

5. Article 2.1c relates to making sure that there is a just transition in the economies of developing countries. Forcing sectors and industries that provide jobs and fuel economies and welfare to disappear, without creating an environment that allows a transition of the workforce, of assets, economies, and technologies in industries, will only create poverty and worsen socioeconomic burdens in developing countries. Aligning flows, as article 2.1c states, implies a wider discussion on how to avoid negative impacts on developing countries' economies.

Rene Schieritz, Global Water Partnership

The goal should consider how climate finance flows can be structured to improve the risk/return of currently unfavourable climate-resilience building initiatives. For example, how can climate finance flows be used to enhance public-private partnerships for water sector projects.

Can you identify synergies between the NCQG work & other components of the PA? Which are relevant for the discussion to be explored? How & when should these synergies be best addressed?

in accessing finance if we continue to use cost benefit analysis- then we cant always value say the existence of an endangered girrafe or a beaver which ensures an ecosystem -shouldnt we move to goals based- ie achieving the climate goal or the sustainability goal- rather than even showing financial benefit to investors- and financial returns under todays criteria- its time to change those mechanisms of criteria for investment decisions and scales

One problem is opposite of synergies: Different aspects of finance are discussed under several components of the PA- the NCQG is one of them. But there is no place that ties them together towards the overarching finance flows perspective. The Long-term finance discussion has not done that, and neither has the SCF (although while both have useful roles).

Faith Lumonya, Akina Mama wa Afrika

Approximately a quarter of LDCs include loss and damage, and 44% of small island developing states refer to loss and damage in their NDCs. So its critical that this is integrated. Also, more focus should be on adaptation because non economic losses can't be mitigated.

Can you identify synergies between the NCQG work & other components of the PA? Which are relevant for the discussion to be explored? How & when should these synergies be best addressed?

Response from Abhishek Acharya India

1. The establishment of the new goal shall be based on the obligations of developed countries under the Convention and its Paris Agreement related to financing, transfer of technology, and capacity building, in particular in meeting the costs of adaptation in developing countries.
2. The NCQG must cover all aspects of mitigation, adaptation and loss and damage. The "aim" of the new goal, as seen in paragraph 15 of the decision in reference, seems to be limited to mitigation only, and the reference to adaptation reads as if focusing the goal on mitigation would help adaptation. This is obviously not the case.
3. It will become evident and clear during the dialogues with developing countries that if the goal will at any extent address their needs, it will need to have a sub-component of adaptation finance as part of the goal, and not only as a weak reference stating that adaptation will be a co-benefit of mitigation.
4. A stronger synergy needs to be established with the work ongoing in the SCF on the definition of climate finance as well as the LTF track under the Convention.
5. The NCQG has links to the GST, as its outcomes will need to be taken into account in the definition of the new finance goal. It has links to BTRs and the transparency framework, because those will be the main sources of information on needs, and on support provided and received. It has links to the rounds of NDCs, as they outline the priorities of countries in the implementation of climate action, and it has links to the LTF discussions, as they will generate lessons learned from the previous finance goal.

Are there other processes inside & outside the UNFCCC process that can support the work on the NCQG?

many countries dont have university investment or research or IT and this was mentioned in the LDG discussions last year as it affected them -so without that -then access to finance and even choice of schemes are skewed in favour of profit for external investors- and this must be corrected with infrastructure investement to receive access to finance first perhaps

we need to influence private and MN flows- to ensure diversity and climate impacts

The decision makers need to be now diverse in the sense of SDGs rather than moderated by a small constituency.

Are there other processes inside & outside the UNFCCC process that can support the work on the NCQG?

Response from Abhishek Acharya India

1. Firstly, no outside UNFCCC process should at all be considered. The entire international climate change regime is under the mandate of UNFCCC and its principles and provisions. Hence, in financing by any authority outside UNFCCC to combat climate change in developing nations it is required to ensure that policies and provisions of the apex body to deal with climate change are maintained.
2. Multilateral Development Banks can create opportunities to push reforms and enhance climate actions in developing economies and financial flow from MDBs should require to be in sync with the national priorities and the needs that would be decided by the receiving country.
3. A collaborative approach is warranted for enabling an ambitious collective quantified goal for ensuring effective climate actions by developing countries in the UNFCCC. We look forward to stronger cooperation amongst the UNFCCC member states in the form of accelerated investment by developed country parties in developing country parties through a range of instruments including grants and concessional finance (lower than the domestic cost of finance) across sectors and guarantees to enable leveraging of finance.

There are a number of processes inside the UNFCCC that can be supporting:

Response from Liane Schalatek

1) Glasgow Dialogue on Loss and Damage Finance being convened in parallel

2) ongoing deliberations on Long-Term Finance
3) Global Stocktake
4) Global Goal on Adaptation
5) to discuss elements of quality, also consider for example the Gender Action Plan under the UNFCCC, the section on means of implementation specifically.
