Submission by Save the Children and UNICEF

In response to the ***Call for evidence: information and data for the preparation of the second report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement***

The first needs determination report (NDR) by the Standing Committee on Finance (SCF) provided a detailed and comprehensive assessment of the climate finance needs of developing countries. We see the second NDR as a critical tool for planning, prioritising, and mobilising climate finance flows. This is particularly important in the context of the ongoing negotiations for the New Collective Quantified Goal (NCQG) on climate finance, with the outcome expected at COP29 in Baku. We take this opportunity to highlight the climate finance needs of one of the most vulnerable groups to the climate crisis: children.

Children represent one-third of the global population, and half of the extreme poor. The climate crisis is impacting children's daily lives, wellbeing and development and eroding their rights. Children's unique physiology, behavioural characteristics and developmental needs render them disproportionately vulnerable to climate impacts, including through adverse effects on their rights to life, survival, development, health, food and water, and education, amongst others. The climate crisis is also contributing to a rise in incidents of child labour, child marriage and forced migration which put children at risk of human trafficking, gender-based violence, abuse and exploitation. One billion children are at extremely high risk of the impacts of the climate crisis and 774 million children face the double burden of high climate risk and poverty.

In this context, under the outcome of the first global stocktake, Parties requested the Subsidiary Body for Implementation (SBI) to hold an expert dialogue on children and climate change at its 60th session to discuss the disproportionate impacts of climate change on children and relevant policy solutions in this regard engaging relevant United Nations entities, international organizations and non-governmental organizations in this effort (Decision 1/CMA.5, para. 182). Recommendations emanating from the Expert Dialogue included the need for greater attention to children in national climate policies and finance, as well as in the work of the COP/CMA and Constituted Bodies.

I) Attention to quantitative climate finance needs of children

Despite children's distinct and heightened vulnerabilities to the climate crisis, their needs have not been sufficiently addressed in climate finance decision-making and flows at every level. Over a 17-year period, less than 2.4% of finance from key multilateral funds could be categorised as supporting projects that incorporated child-responsive interventions. Even these low figures significantly overestimate the amount of climate finance contributing to child-responsive activities, since in the vast majority of cases, relevant interventions tend to form only a minor component, rather than a principal or significant objective, of overall project aims and activities. Some funders have recently acknowledged this gap, for example the Green Climate Fund is working with partners to bridge child-focused climate finance particularly in the areas of health and education.

Children's essential services such as health, education, water and sanitation, food security and nutrition, social protection and child protection have also been historically ignored in climate finance flows. For instance, from 2019 to 2023, the World Bank as the largest multilateral provider of climate finance, has allocated less than 5% of its total climate funding to education, health and nutrition combined.[1]

Building the climate resilience of these sectors is crucial to ensure that they continue to be available in times of crises. Investment in protecting child development outcomes is both cost-effective and critical for strengthening human capital and the resilience of communities more broadly, as highlighted by the World Bank and a large body of evidence. However, these sectors have been largely overlooked resulting in significant economic and non-economic losses and damages for children.

The adoption of the UAE Framework for Global Climate Resilience represents a positive step forward, signalling global agreement on thematic targets correlating to child-critical social sectors, including health, water and sanitation, nutrition and food security, and adaptive social protection, amongst others (Decision 2/CMA.5). It is crucial that the climate finance gap for these sectors, in addition to financing for education and child protection, is urgently delivered.

We present the examples of two sectors critical for children's wellbeing and development to illustrate the point and outline recommendations for the SCF to consider highlighting the specific needs of children in the second NDR:

- **Health**: Rising temperatures, extreme weather events and slow-onset events, the spread of vector- and water-borne diseases such as malaria, diarrhoea and dengue, and intensification of air pollution disproportionately affect children, whose developing bodies are acutely vulnerable to these impacts. The climate crisis is also impacting children's access to nutritious food, making them more vulnerable to diseases and health impairments. According to the Adaptation Gap Report, addressing the rising costs of disease control, increased heat-related mortality, enhanced disease surveillance, and making Water Sanitation and Hygiene (WASH) and health infrastructure resilient in developing countries will cost $11 billion annually. Adaptation finance flows from bilateral and multilateral providers amounted to just $1.43 billion in a decade from 2009-2019, averaging less than $150 million annually. It is also to be noted that for the majority of approved health-related adaptation funding, health has only been a secondary benefit.

  While health is being increasingly recognised as a high-priority sector vulnerable to climate change in National Adaptation Plans of developing countries, a disconnect remains between the stated priorities and the actual direction of financial flows. Furthermore, climate finance for health does not always meaningfully and explicitly consider children and/or include them as stakeholders of change. Of the 591 projects financed by key multilateral funds over a 17 year period, less than 1% encompassed child-responsive health interventions.

  The lack of adequate investments in improving the resilience of the health sector is resulting in losses & damages with severe consequences for children's wellbeing. The health sector in Pakistan, for instance, suffered losses & damages amounting to $143 million from the

[1] Analysis based on the World Bank's climate finance flows from 2019 to 2023 through IDA and IBRD

catastrophic floods in 2022, disrupting access to health services for nearly 4 million children. Children also incurred several non-economic losses & damages from such disruption, including loss of lives, a substantial increase in malnutrition levels and stunting (linked to irreversible physical and cognitive damage), outbreak of communicable diseases such as acute diarrhoea, cholera, malaria, and dengue and hindered access to services such as immunizations.

- **Education:** Low and middle-income countries face an annual funding gap of $97 billion for education. Already stretched funding for education is being further strained due to the impacts of the climate crisis. Direct effects include deaths, serious injuries, and health hazards to students and staff, damage to schools and surrounding infrastructure and access, and hotter classrooms. For example, research shows that hotter classrooms impact learning outcomes, with one US based study of 10 million secondary school students finding that a 1°F (0.56°C) hotter school year reduced that year's learning by 1%, with effects up to three times more damaging for students from ethnic minorities and low-income households. There are also indirect impacts as rising loss of livelihoods and food insecurity due to the climate crisis have knock-on effects on student absenteeism and dropouts. Climate shocks have disrupted education of about 62 million crisis-affected children and adolescents, adversely impacting their educational attainment and human capital development.

  Education also has a key role in supporting climate action. The UNFCCC has identified education as a high impact intervention for addressing the climate crisis in both the UN Framework Convention on Climate Change commencing in 1992 (Article 6) and the Paris Agreement of 2015 (Article 12), yet investment has not followed. While robust estimates for climate investment needs of the education sector are not readily available, estimates suggest that in 2018, a maximum of 0.03% of all climate finance (including from the private sector) was spent on education. Of the 591 projects financed by key multilateral funds over a 17 year period, just one project focused on education as its primary objective. Analysis shows that only 2 out of 133 Nationally Determined Contributions (NDC) assessed until 2022 specified that international financial support should be directed to strengthening education systems. Furthermore, while 65% of NDCs contain general educational commitments, child-sensitive commitments for education featured in just 44% of them.

  The education sector is also seeing losses and damages from climate-related disasters. In Malawi, they amounted to $42.08 million from the 2023 Cyclone Freddy as more than 600 schools were damaged or destroyed by the cyclone. Additionally, learning for more than 720,000 children was disrupted as authorities resorted to using 408 schools as camps for internally displaced people in the absence of alternative facilities.

- **Recommendations:** As evident from the above, finance requirements to meet children's specific and heightened vulnerabilities, notably through investment in basic services, have not been sufficiently considered in the estimation of needs and the delivery of climate finance flows. In developing the second NDR and in providing guidance to Parties and climate finance providers, we urge the SCF to consider the following recommendations to correct the long-standing omission of children:

- Encourage Parties to integrate considerations for children in the determination of needs and to provide information on needs related to gender- and child-responsive climate action.
- Disaggregate information on needs of low- and middle-income Parties by gender and age.
- Provide information on loss and damage costs in the estimation of needs in the second NDR including the costs incurred by child-critical social services.
- Call upon Parties to use child rights impact assessment and monitoring tools in the determination of needs. Child rights impact assessments, which can be stand-alone or combined with gender assessments, should be undertaken early and include the views of children and child rights experts.
- Call upon Parties to identify finance needs for the thematic targets agreed under the UAE Framework for Global Resilience on health, water and sanitation, food security and nutrition, and adaptive social protection. Education and child protection must also be prioritised.

II) Putting quality at the centre

In addition to the quantitative needs, the second NDR should also have qualitative considerations at its heart. The instruments through which assessed financial needs are met is critical to the estimation of future needs. Many lower-income countries are unable to provide essential services for children, much less borrow to adapt these services to unfolding climate risks and address losses & damages to them. Grants and highly concessional lending will be the key instrument for enabling climate investments in child-critical social services in these countries. Grants are inherently more child-responsive than loans.

Inclusivity is another key qualitative consideration to ensure that climate finance reaches the most vulnerable groups in need of it, including children. As the first NDR noted, inclusivity aspects had not been explicitly mentioned in the needs identification process of most country reports. Regarding children, there has been some progress, as evidenced by an increase in the number of NDCs that reference them. However, the progress is far from desired with only a few countries specifically mentioning children as right holders or incorporating child-responsive measures in the national policies, plans and strategies. Furthermore, the meaningful consideration of children including girls in climate finance flows remains negligible despite progress made to mainstream gender equality through the portfolios of multilateral climate funds. Of the 591 projects financed by key multilateral funds over 17 years, less than 4% of projects considered girls explicitly and meaningfully. Projects also rarely addressed the acute impacts faced by other groups of children that experience intersecting forms of discrimination and inequality. Where children are considered, they are generally addressed as a vulnerable group rather than as active stakeholders or agents of change. Examples of child-responsive climate programmes that address children's distinct and heightened vulnerabilities and empower them to be agents of change are, therefore, few and far between.[19]

- **Recommendations:** We propose the following recommendations for the SCF to consider in its guidance to Parties and climate finance providers to bolster child-responsive approaches to climate finance:
  - Call upon climate finance providers to institute a child marker to rate the contribution of each project activity output result against child-responsive criteria to

provide a more accurate estimate of the contribution of climate finance to child-responsive outcomes.
    - Call upon Parties to link their finance needs for children to the type of instrument most suited to deliver them, emphasising the importance of grants and concessional lending where applicable.
    - Call upon climate finance providers to improve the tracking, reporting and dissemination of best practices in relation to the child-responsiveness of climate finance, impacts of climate finance interventions and for child-responsive budgeting.

Contact:

- Jack Wakefield, Global Policy & Advocacy Lead - Climate Change, Save the Children International, jack.wakefield@savethechildren.org, +44 7429 544135
- Joni Pegram, Global Climate Policy Lead, UNICEF, jpegram@unicef.org +44 7922 767 171