Swiss Speaking Points for the Ministerial Dialogue on Long-Term Climate Finance

Recognizing the goal has yet to be fulfilled, what were the key areas of progress, challenges and lessons learned, in particular in the areas of adaptation and concessional finance? How can the goal be best delivered at the latest in 2023 despite the current challenges?

- The just presented figures show well that **we have made great progress since 2010, when the goal was set in all three dimensions of the goal**, but we have not yet reached it.
- Switzerland **assessed its fair share of the USD 100bn goal based on the capacity to pay and the polluter-pays principle** to be **450-600 Mio USD per year** from public and mobilized private sources. Switzerland has **achieved its fair share since 2018. In 2020 our public and mobilized private climate finance amounted to 702 Million USD, which was a significant overachievement.** Overall the Swiss climate finance was increased by 82% since 2013.
- We recognize that the USD 100bn goal is a collective goal and we encourage all developed countries to do more, in particular those that have not yet lived up to their fair share with respect to their emissions and capacity to pay.
- We also **need to recognize the importance of enabling environments** in contributing and recipient countries. **Ambitious climate mitigation and adaptation policies**, clear political priorities and the **right investment framework conditions are key to facilitate the provision and mobilization of public and private finance** for climate action.
- For our parliament it is key to see what happens with the money we provide and mobilize for climate action in developing countries. They want to see results and the assurance that the funds are well invested. **We need to get better in measuring impacts and results** and stop talking just about the quantum and also talk about the results achieved on the ground.

What specific action can be taken to enhance and simplify access to climate finance from concessional sources and international investment flows?

- **Switzerland strongly supports the simplification and harmonization of access procedures**, in particular in multilateral funds, **while ensuring the compliance with social and environmental safeguards**. It is very difficult for us to understand why the various institutions providing and mobilizing finance, in particular the multilateral ones, have so different access requirements.
- **We all are represented in the boards of these various institutions. Why couldn't we come together and instruct the funds to harmonize their access requirements to the extent possible?**
- Balance sheets of MDBs can still be better leveraged, while maintaining their AAA rating. **The G20 capital adequacy framework (CAF) review** contains useful recommendations in this regard. This would free a lot of additional capital, and a large part of that would go to climate.
- We must particularly seek ways to ease access for averting, minimizing and addressing Loss and Damage. Prearranged ex-ante finance, such as insurance schemes, is one of the approaches to ensure resources are provided expeditiously when climate-related disasters strike. For that purpose, Switzerland for instance supports the African Risk Capacity or the World Bank's Disaster Risk Financing and Insurance (DRFI) Program.
- The IMF's Resilience and Sustainability Trust (RST) is a promising tool to help vulnerable countries to build resilience and sustainable development through investments in climate.
- **Access requirements for bilateral climate finance can also be further reviewed** with a view to **make them as lean and efficient as possible**.
- **There is a limit to speed. While we must do away with unnecessary requirements, climate finance must be founded on a solid arrangement of mutual accountability between providers and recipients.** This means that requirements, such as clear results orientation and reporting, solid environmental and social risk management, the involvement of pertinent stakeholders including vulnerable groups, conflict sensitivity and of course financial accountability are important and must be carefully considered throughout the project management cycle.

How can transparency in the delivery of the goal be further enhanced? What steps should be taken taken to improve the transparency of information on climate finance provided, mobilized and received to build a common understanding?

- **We already have a good transparency architecture in place with a number of instruments**, namely the Enhanced Transparency Framework, the ex-ante climate finance submissions pursuant to Art. 9.5 and the helpful aggregate reports prepared by the SCF. **These provide both backward and forward looking information. Instead of mandating new reporting, we should all harness these existing channels, making best use of them.**
- We see a **significant data gap on measuring the impact and effectiveness** of climate finance flows. We have to get better at measuring the impact of the flows on the ground and also **focus on the results achieved and not just the finance provided and mobilized**.
- The key findings of the SCF reports show clearly that **we need more granular and activity level data**. The modalities, procedures and guidelines of the Enhanced Transparency Framework provide for clear guidance on this and we hope that the data coverage and granularity of data will improve once the first Biennial Transparency Reports have been submitted.
- In particular, the MDBs can still do more to provide more granularity of their climate finance provision, so that the information can be fully captured avoiding double counting, e.g. in the context of the Biennial Assessment of Climate Finance Flows.
- **Accountability and transparency are key and we must all do our utmost in this regard.** Collecting and aggregating data also comes with costs for all stakeholders involved. **The data we collect has thus to be as granular and disaggregated as needed** to ensure transparency and enable learning, **while avoiding unnecessary reporting burden**.
- While **we see the benefits of a common agreed definition on climate finance and common accounting methodologies, but the Paris Agreement anchored the bottom-up approach** on definitions, methodologies and approaches.
- The **SCF report on climate finance definitions** indicates that there are **many definitions in use for various different use cases** and it will be **impossible to create one detailed definition capturing them all**.
- Let me give you an **example**: while Switzerland is of the strong opinion that investments in fossil fuels, even if related to efficiency gains, can and should not be considered as climate finance because of the high emissions and the severe lock-in effects associated with it. But we've heard very strong voices from other Parties in the past that improving the efficiency of their fossil fuel energy plants is an important mitigation measure for them in the context of their NDC. While we note the views of these Parties we could never agree to count investments e.g. in a more efficient coal power plant as climate finance in a common agreed definition.

What lessons from the delivery of the goal can be derived and considered in the context of the deliberations on the NCQG?

- **The most important lesson is that given the finances needed to honor the goals of the Paris agreement, the USD 100 BN goal is too narrow in terms of sources and contributors**. **We need "all hands on deck"**.
- We have to create an **incentive for the alignment of all financial flows** for low-emission and climate resilient development pathways and we have to ensure a **strengthened, more dynamic and broadened contributor donor base,** considering the **capacity-to-pay and the polluter-pays principle** of all potential contributors.
- The **mobilization of private climate finance** has proven to be very challenging. We will have to create incentives for enhanced private climate finance mobilization through the new goal. This includes better framework conditions for climate action, for instance through phasing out fossil fuel subsidies.
- The **geographic distribution** is a challenge. The latest data shows that very few middle income economies receive by far the largest share of climate finance. The most vulnerable countries and communities, in particular LDCs, SIDS, receive much less finance. This is partially also related to the access challenges raised in particular by LDCs and SIDS. **We will**

have to ensure that our support reaches the most vulnerable countries and communities and set the new goal in a manner, which facilitates this.

- **Demand-drivenness is a key success factor** and indispensable to ensure country ownership. This means that we must not over-engineer the new goal from the top. Too many quantitative and / or qualitative elements will limit the country-drivenness significantly and create a challenge for implementation.
- **Quantity matters of course but even more important are results. We must make a better effort in the NCQG to show, on an aggregated level, what the impact of our investments are in terms of climate mitigation and adaptation.**