Ministerial Dialogue on the New Collective Quantified Goal

Speaking Points Switzerland:

How can the new collective quantified goal help effectively address the needs and priorities of developing countries?

- **The formulation of the goal should take into account the needs and priorities expressed by developing countries, e.g. in their NDCs, NAPs and Long-Term Low Emission Development Strategies.**
- **The more concrete and up-to-date these plans are formulated and linked to concrete investment plans the easier it will be for public and private climate finance contributors to align their investments with the needs and priorities of developing countries and their dynamic and changing nature.**
- To ensure such planning is effective, it is key to elaborate and implement them in an inclusive fashion, having key stakeholders involved including particularly affected communities. Women and youth should be fully engaged and driver-seating such processes.

What are the lessons learned and opportunities that can be drawn from the mobilization and provision of climate finance?

- **The USD 100bn progress report of the SCF provides some interesting key findings and learnings, which should be taken into consideration in the further deliberations of the NCQG.**
- The report shows that the announcements for public climate finance have been in line with the projections, which is very good news, but the projected mobilized private climate finance was not achieved.
- The **mobilization of private climate finance** has proven to be very challenging. We will have to do further work to understand the underlying reasons for the limited mobilization of private capital for climate action in developing countries and how the NCQG can increase the incentives for enhanced private climate finance mobilization. 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.
- The **current conversation focuses very much on numbers and outflows** of finance **instead of the impact** that is actually achieved with the finance provided and mobilized. The latest reports show that we have **very limited information on the effectiveness of climate finance and in particular the mitigation and adaptation impacts achieved**. We also have scant information on how effective all the ("readiness") activities are in fostering climate planning capacities and more largely climate governance in developing countries. This needs to be improved.
- We should in general **be more transparent and better showcase our success stories** and have an **open conversation about the stumbling blocks and challenges**, since this will in our view also help to unlock additional finance from all sources.
- In the future, we'll have to ensure that we **generate the highest possible impacts** with the climate finance provided and mobilized and that it **reaches those most in need**. This could be incentivized through impact-oriented targets, such as GHG emission reductions, to complement financial targets.
- **At the moment the provision and mobilization of climate finance does not take into account the principle of equity in particular on the provision side. Many of the largest emitters and countries with high capacities do not provide any or only very limited climate finance. In our view this clearly has to change in a new goal and the contributor base has to be adjusted to ensure that all Parties to the Paris Agreement contribute their fair share to the implementation of the NCQG in line with their emissions and**

capacities. A larger contributor base would ultimately benefit countries and communities that are most in need and most vulnerable to climate change.

How can the new collective quantified goal adequately reflect the evolving needs and priorities of developing countries in the context of implementing NDCs?

[Passive, if recipient countries want to anchor a 5-year cycle in line with the NDC submission cycle

- We have to recognize that it was agreed on a very high political level that 5-year climate finance targets are not implementable and therefore the Art. 9.5 ex-ante communication mechanism was established.
- We hear your call for dynamism, but 5-year time frame for the NCQG might not be fit-for-purpose, because we know that large institutions, such as the MDBs, which provide and mobilize a large share of the Climate Finance, need longer planning horizons and time frames to redirect their overall strategies. Therefore a 10-year timeframe might be more fit-for-purpose. Continuously changing goals might also make it more difficult for recipient countries to provide the necessary predictability.]

How can we consider other contributors in the new collective quantified goal context?

- **The new goal will have to include all climate finance providers and will have to ensure that as part of a global effort all Parties in a position to do so, in particular major emitters (in absolute and per capita terms), will contribute their fair-share to the new goal.**
- We represent a direct democracy and our people don't understand, why Switzerland should increase its climate finance contribution, if other countries, which have much higher emissions (in absolute and per capita terms) and a higher economic capacity (in absolute terms), such as China or Saudi-Arabia, are not contributing to the collective mobilization and provision of climate finance and also don't report on their contributions.
- **We'll have to make sure that we also set the right incentives through the NCQG, to mobilize and redirect all financial flows to ensure that they are in line with low-emission and climate resilient development pathways.** We therefore strongly advocate to **include an element speaking to the private sector and an element speaking to the alignment** of financial flows with the goals of the Paris Agreement in the NCQG. The increased mobilization of philanthropy for climate action is also essential.

What are the sources and instruments for the NCQG?

- In our view, we have to **continue to tap on all the financial instruments and sources** possible in the context of the NCQG.
- Studies suggest that e.g. the limited use of risk mitigating instruments such as guarantees is one of the underlying reasons for the limited mobilization of private capital. We have to get better in choosing the right financial instrument for the right case.
- There are cases, such as e.g. the support for the development of National Adaptation Plan, where grant support is most fit-for-purpose. But there are also other cases, such as large infrastructure investments which are necessary for the transition towards a low-emission and climate resilient future, where other instruments such as loans, equity or guarantees are much more fit for purpose and we have to ensure that the NCQG will not limit the use of the variety of possible financial instruments.
- The IPCC shows that the necessary investment needs to achieve the 1.5°C goal and the global adaptation goal are very high, in particular in developing countries, and are in an order of magnitude which goes way beyond the available public climate finance. But it also shows that the available capital would be more than sufficient to address these investment needs. Because of this we'll have to **ensure that through the NCGQ we set the right incentives** and we tap into all available sources and redirect public and private financial flows to implement the goals of the Paris Agreement, in particular in developing countries. The

limitation of the sources and / or instruments in the context of the NCQG would run completely against this.

If we want to increase our collective ambition, we have to ensure that as many actors as possible contribute to the collective goal, that we generate the highest possible impact, that we use all the financial instruments and channels at hand to maximize the impact and that we support those most in need.