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First Technical Expert Dialogue under the Ad hoc Work Programme on the New Collective Quantified Goal on Climate Finance
24 – 25 March 2022
Kirstenbosch National Botanical Gardens, Cape Town, Republic of South Africa

SESSION 5: Other elements of the NCQG for further consideration in the ad hoc work programme
25 March 2022
15:30 – 16:30 (GMT +2)

Description: This session provides space for participants to identify other elements of the NCQG that should be considered for further deliberations in the subsequent technical expert dialogues.

Moderator: Gertraud Wollansky, Austria

Posed the following questions for panelists:

Are there other key elements [of the NCQG] that we haven't addressed?
What approaches would you suggest to structure future TEDs, based on this first dialogue?
How should these approaches be reflected in our technical work for 2022?

Panelists:

Richard Muyungi, Tanzania

One, the channeling of resources should be a new element of our work. Under the UNFCCC we have the Adaptation Fund, the GCF, and the Environment Fund. The access through these three channels are all different, and each complication detracts from resources. We talked about the GCF this morning—accreditation, amount, access—because the challenge we have is that the nationally-represented institutions are not getting the resources they need. Maybe we need to look to how we can improve the channeling, so that resources can get to the recipient directly, instead of flowing through big bureaucracies.

Two, how much for the new goal should go through UNFCCC-mandated channels, and how much for non-mandated channels? The bilateral channels have serious limitations. We need to avoid the bilateral approach as much as possible, and everyone should have the same rights to access because they're also affected by climate change.

Three, how to look at the NCQG in the context of SDGs. When you look at Paris 14.cnp.1, the issue of sustainable development and education is brought up, but we don't seem to bring it into our discussion. The channeling of resources should reflect those needs on the ground.

Aishath Aileen Niyaz, Maldives

The Maldives is at the front-line of climate impacts. These are already felt. Now, we're supposed to spend half of our national budget on adaptation measures, and protecting all of our islands will cost us four times as much. So, loss and damage should be a part of NCQG. This should be a key thematic area of the new goal.

We learned that there is a positive correlation between capacity and flows—the higher capacity, the more investment. The SIDS are getting less than 2% of that investment. There are systemic issues that need be addressed in the climate finance architecture, and we should not forget inclusivity in the new goal: that climate finance meets those who need it most, the countries already at the frontline, who have to spend their budgets on that instead of their own development.

We also need to make sure that we are not adding to the debt burdens of LDCs. Quality and access features are two important aspects that we need to deliberate further on.

Matheus Bastos, Brazil

For future technical discussions, we should bear in mind two aspects. First, how to place the new goal under the context of a sustainable and just recovery. We need to assess the impacts of the Pandemic on our NDCs, and we know that not all countries were able to set an ambitious recovery package to move us forward beyond pandemic restraints.

Another aspect is the nexus between technology and climate financing. We know that recent studies from the IAEA, UNEP, IPCCC indicate that we need a lot of innovation for technology to implement the Paris Agreement goals for mitigation and adaptation. The IAEA says that less than half of the technologies we need for net zero are receiving investment. A number of adaptation technologies need innovation to work, but they are not receiving the investment. This is even worse for LDCs, due to uncertainties and risk, credit worthiness, and so on. So, the next discussions on the technical track need to see how new resources under the new goal and contribute to one, how new technologies will enhance solutions, and two, how to engage the private sector in these discussions, especially since we saw the lack of their participation here. But we need to develop and then find out how to transfer those technologies to developing countries in a timely manner.

On the new goal, the time is ticking, and three years is not enough. We need a process for the goal to move forward on elements we've identified, like definitions, transparency, etc. This will inform the ministers and then the CMA, so we want to have our negotiators with all of the assembled options on the table.

Kevin Adams, United States

This is a critical decade to address the climate crisis and move forward on this policy portfolio. So now is the time to create the paradigm shift, to think about climate finance and a new goal in a new way. A couple of different things we haven't captured. First, the nature of a "goal". We heard earlier about needs as a ceiling. Take the SDGs—they are aspirational, high-bar, forward looking. The first goal is to eradicate poverty in all forms, everywhere—a high bar. And Paris, too, is all about ambition—to urge us to move more. And for us (the United States), the $100 billion goal was hugely aspirational. We had almost nothing in climate finance in 2012, and now we have $80 billion! So that's a huge step in the right direction. But we also know that's not enough. We've talked about how private sector mobilization has been underwhelming, and contributors submitted the plan before COP26. So, it's important to remember that the $100 billion is a success story. We've heard other narratives, and both things can be true at the same time.

Second, mobilization. Is our view of mobilization inclusive enough? For the $100 billion, we focused on project-level financing, which is the worst way to move with the private sector. They want to go fast and make profits, and the co-financing approach is helpful but not the best way to understand our relationship. We help the private sector by policies that urge them, through derisking efforts, identifying what needs to be invested in, and we're not doing that well right now.

Third, we've talked about scaling up, but we also need to scale down areas that are actively detrimental. We should focus on how we're undermining our own work through things like inefficient fossil fuel subsidies.

Fourth, who contributes to the goal, and how. The world has changed in a very dramatic way since 2009, when the goal was put forward. The context for the new goal is fundamentally different, and will be for the next three years. So, we need to decide how and who based on emissions contributed today [China, India].

For us, it includes bilateral relationships, the multilateral funds, and the MDBs... And we've talked about the private sector, and we need to disaggregate them. We have big actors on Wall Street who can finance things, but can't build anything.

Five, we need to make sure we're taking action and moving beyond a number. It's time for a new articulation of what action means. We used the $100 billion goal as a start. Now we have the goals from Paris, which we didn't have when we decided the $100 billion. And it is also about effectiveness.

So, what does this mean for structuring our dialogue? The goal must serve the long-term objective of Paris as articulated in Article 2. We've talked about the multidimensionary nature, which means taking into account the qualitative and quantitative aspects—a modern framework for transparency and implementation. For our technical work, this is the perfect setting to discuss what to do. People have been very frank and we've gotten very far. There's a lot to digest, but we should dive deeper on different aspects.

There is also a cyclical nature to this—the four dialogues, the submissions, and at the end, the ministerial dialogues. We need to make sure the technical work is informing the political work, and then we need to be talking in here about how to make those politics work for what we know.

Gabriela Blatter, Switzerland

Most elements are on the table, and what we need now is to pursue them. This was a very open and inclusive environment, and people were speaking up.

Two elements we haven't addressed. First, what do we mean by the global efforts? The bigger the contributor base is, the bigger the ambition can be. Second, where does the support go? The needs and priorities of developing countries may differ greatly within and across regions, and certain LDCs and SISs are in very different contexts. So, we can't be afraid to discuss this.

Moving forward, the most challenging thing is how to structure these discussions. It's been a bit all over the place today, but we can take the cyclical element into account. Yes, it was open and transparent, but in the future we need to make sure that the community is hybrid and that the physical space is more diverse with other stakeholders.

One way would be to structure the conversations around actors, and then it will make it easier for them to participate. We talked about the private sector, being so diverse. The technology sector is very different from investors, and on the public side the climate funds are different than MDBs, and both from governments. Next time, we should also have specific questions for the dialogues and for submissions.