Views on the New Collective Quantified Goal as specified in paras. 15 and 16 of decision 9/CMA.3

Submission by the International Federation of Red Cross and Red Crescent Societies

15 August 2022

Mandate/Objective of the process

*Decision 16/CMA.3, paragraph 16: Also decides that the consideration of the new collective quantified goal will be in line with decision 14/CMA.1 and t**ake into account the needs and priorities of developing countries** and include, inter alia, **quantity, quality, scope and access** features, as well as **sources** of funding, of the goal and transparency arrangements to track progress towards achievement of the goal, without prejudice to other elements that will also be considered as the deliberations evolve and taking into consideration the submissions referred to in paragraphs 17–18 below*;

The IFRC

The International Federation of Red Cross and Red Crescent Societies (IFRC) comprises 192-member National Red Cross and Red Crescent Societies (RCRC) each with an auxiliary role to their government. The IFRC has a secretariat in Geneva and more than 60 delegations strategically located to support activities around the world. We reach over 67 million people through long-term services and development programmes, and over 32 million people through disaster response and early recovery programmes. Our staff and 15 million volunteers confront the impacts of climate change on lives, livelihoods, and the realities of loss and damage every single day. We are deeply concerned about future humanitarian needs arising from climate- and weather-related disasters.

Purpose of the submission

As an observer to the UNFCCC process as an intergovernmental organisation, we welcome the opportunity to submit views on the development of the New Collective Quantified Goal (NCQG) in line with relevant COP and CMA decisions.

The purpose of this submission is to highlight how the NCQG can take into account the needs and priorities of developing countries based on the experiences and observations of the IFRC Network.

The IFRC insists on the necessity to **increase the amount, quality, accessibility, and timeliness of climate finance to respond to the already existing and foreseen humanitarian needs exacerbated by the climate crisis**. This requires four main changes / improvements:

1. **Finance for adaptation and resilience needs to be increased,** as does finance efforts to **avert, minimize and address losses and damages**.
2. **Funding for the most vulnerable countries and communities must be prioritized and incentivized.**
3. **Climate finance needs to be more accessible, including for local actors.**
4. **Coordination of finance between humanitarian, development and climate actors** needs to improve.

The views of the IFRC are further reinforced through separate submissions of Zurich Flood Resilience Alliance Partners.

Observed climate finance gaps

There is insufficient funding on adaptation, and resilience, including DRR, preparedness, and anticipatory action for climate-induced extreme events

Most climate finance dispersed by major multilateral climate funds is spent on mitigation activities, with only 28% (US$2.9 billion) of the US$10.7 billion dispersed funding being spent on adaptation purposes (DI GHA Report 2022).

Of the official development assistance (ODA) provided in 2020 with the purpose of adaptation (including dual mitigation/adaptation objectives), only US$270 million (4.5%) was spent on disaster risk reduction, preparedness or emergency response (DI GHA Report 2022).

Despite growing financing of anticipation action in the recent years, most anticipatory action funds are operating with less than $10 million of funding. A review of five main funds shows that the anticipatory action windows usually represent a small percentage of the overall fund, with a total of just $41.5 million being triggered in 2020 across all five funds, funding interventions in at least 20 countries (Scott 2022).

Losses and damages are increasing, and solutions are urgently needed to avert, minimize and address these

We are already seeing the limits to adaptation, some hard limits but also some limits that are reached because of the lack of sufficient and rapid investment in adaptation. They are exacerbated by the growing frequency, intensity and severity of climate and weather-related extreme events many triggering major disasters. We are reaching these limits much faster than predicted and require more action and support (IPCC, 2022). Small-scale climate-related disasters are happening at a rapid rate of one a week according to UNDRR (though most draw little international attention). Such smaller and more local events are also causing loss of life, water and food insecurity, health-related issues, socio-economic challenges and displacement.

Humanitarian assistance is not sufficient to respond to current losses and damages - and with anticipated increase in climate related loss and damages, vulnerable groups are going to need more urgent and substantial assistance. IFRC estimated in 2019 that **nearly twice the estimated 108 million people who needed help from the international humanitarian system in 2019 could need assistance in 2050** due to compounding climate-related disasters and the associated socio-economic impact. While the breadth of needs is substantial, humanitarian funding is already struggling to save lives and livelihoods of those most urgently impacted, this will become unmanageable.

Today, the humanitarian response piece is a very small component of the overall picture. Humanitarian aid totalled approximately 31.3 billion in 2021 (insignificant in comparison to climate funding of 632 billion US in average annually (Buchner and al. 2021) - less than 5%) with most of this going to conflict related crises. Despite this lower amount, UN appeals were 56% funded (Development Initiatives, GHA 2022). A far higher percentage of IFRC emergency appeals relate to disasters associated with natural hazards. Current IFRC appeal requirements are $1.8 billion, but coverage of IFRC appeals is also low, currently 51.2% (IFRC GO).

Climate finance is not reaching vulnerable communities and countries

Only 10% of climate finance reaches the local level, and climate finance is **not systematically directed to where needs are highest** (Climate Centre, 2022). The lack of access to climate finance of most vulnerable groups is further undermining their resilience to present and future climate shocks and thus increases human suffering.

Some of the **most vulnerable countries in the world receive very little climate finance** per person, forcing communities to bear the costs of adaptation. There is no correlation between the amount of money received for climate change and the degree of vulnerability of communities and countries receiving it. The five countries with highest climate-vulnerability (based on ND GAIN and

INFORM) received less than $1 per person in adaptation funding (from 2019 figures) and the next 66 highly vulnerable countries less than $2 per person. Somalia, the most vulnerable, ranks only 54th for per person CCA funding disbursements, whilst Afghanistan comes in 96th. (IFRC, World Disasters report, 2020 - 2021 updated figures).

Fragile and conflict-affected countries are among the most vulnerable to the climate crisis, according to the ND-GAIN and INFORM indexes, with often limited capacities to adapt to a changing climate because of the conflict or weaken institutions. Only 12% (US$1.3 billion) of disbursed funding from multilateral climate funds (US$10.7 billion) went to fragile and conflict-affected states in 2021. (Development Initiatives, GHA 2022). These countries and communities often do not receive adaptation finance as they are perceived to be 'too risky' to receive financing through multilateral funding and other climate finance mechanism despite their evident vulnerability and needs (ICRC, 2021).

Local actors have a limited access to public and private climate finance

Most of the climate finance is accessed and disbursed by governments. However, the eligibility requirements and the level of capacity needed to apply for climate finance often means that climate finance is beyond the reach of many vulnerable countries.

Major multilateral climate funds are particularly difficult for local actors to access. Though billions of dollars are being channelled to funds like the GCF, GEF, and Adaptation Fund, accessing this finance requires completing a very costly and demanding accreditation process which non-state actors, and local actors in particular, can rarely meet.

There is a lack of transparency and coordination in climate finance through climate, development and humanitarian donors and funds

It is difficult to keep track of the promises on climate adaptation and disaster risk reduction as they often do not have a clear timeline and involve different ministries. In fact, this agenda includes initiatives across the humanitarian, development, disaster risk management and climate sectors globally.

For anticipation action, specifically, due to the lack of shared terminology, the funds are not necessarily labelled or 'flagged' as relating to early or anticipatory action. In addition, standard metrics and definitions of disbursement and commitment are not necessarily appropriate for pre-arranged finance. The pledges include direct funding for early actions as well as funding to build and strengthen the necessary systems.

IFRC Recommendations

1. **Climate finance for adaptation and resilience needs to be increased, as should finance efforts to avert, minimize and address losses and damages.**

Impacts are greatest for those with least capacity to cope, and the responsibility of supporting these people is often borne by overstretched systems at national and local levels. **New and additional funding is needed, and this funding must be commensurate with needs on the ground. As committed in the Paris Agreement, this Adaptation and Resilience should be equally balanced with amounts provided for mitigation finance.**

Recognizing that there are limits to adaptation, **more finance for addressing unavoided and unavoidable losses and damages** will be needed as the climate crisis worsens. Attention to technical and financial resources are needed to cope with the growing frequency, intensity and severity of climate-related events and the subsequent losses and damages are needed. This will require an 'all of the above' financial approach. For instance, this would mean investing in anticipatory action, social protection, insurance pools, and solidarity funds.

2. **Finance needs to reach the most vulnerable as a priority** - including in hard-to-reach places, as well as fragile and conflict-affected countries and communities

Countries and communities currently being left behind need to be prioritized. **The portion of climate finance adequality reaching the most vulnerable countries should be an indicator of the quality of the financial support provided.** There should be a rational, evidence-based means for ensuring that none of the most vulnerable places fall through the gaps. This requires transparency in terms of where funding is going to and the criteria for deciding which countries are more or less vulnerable.

Recognizing that there are specific barriers to funding certain locations, including fragile and conflict affected countries and communities, there need to be simplified access mechanisms and **specific incentives to reach these and efforts made to overcome these barriers**. Donors must find ways to invest even where it is hard: Conflict and fragility are an integral part of vulnerability. Knowing this, donors must find ways to adapt their blanket eligibility and compliance requirements according to the context, and to support state and non-state institutions and organizations to meet these.

Readiness should be a two-way street – donors requiring and supporting recipients to be more ready to receive their funds, donors also must find ways to become more ready and agile to fund in these difficult settings, including investing in support systems.

Examples of what is possible range from Afghanistan, where the GCF has invested in readiness and bilateral donors have invested in developing a Climate Finance Framework; to Lebanon, where bilateral donors have supported the Disaster Risk Management Unit in the Prime Minister's Office.

3. Ensure that climate finance – including multilateral finance - is accessible to local actors

The access to multilateral funding should be facilitated for local actors who have a sound understanding of the local context and the needs of their communities: This can be achieved through a simplified access to funding window allowing local actors, including sub-national entities to apply for funding and technical assistance through funds that exist, or the creation of more accessible mechanisms. This is critical for local communities to strengthen their capacities and sustainably prepare for, adapt and respond to the growing risks created by the climate crisis.

Local knowledge should be valued and recognised as reliable climate data in the climate narrative of multilateral funding proposals, especially in vulnerable communities that have limited access to scientific climate data. RCRC National Societies can provide a bridge from national to local level adaptation. They are already supporting climate adaptation actions through projects on disaster risk reduction, strengthening early warning systems, participatory vulnerability and capacity assessments, and climate-smart agriculture and WASH. Because of national society linkages from community to national level, the RCRC movement is well-placed to support locally led adaptation and collaborate with national governments for climate adaptation planning.

Climate finance mechanisms should serve vulnerable communities and be informed by stakeholders of these communities: Panels awarding financing should systematically include stakeholders (civil society and non-governmental organisations) from vulnerable developing countries and communities. Their experience can help strengthen the existing mechanisms. They should also inform the design process to access climate finance to ensure that they serve the most vulnerable by addressing their needs and being accessible to local actors.

Climate finance should aim to implement locally-led solutions: Climate finance for adaptation should adopt the Locally-Led Adaptation Principles and enhance their implementation. Locally-led solutions, owned by local actors and supported by donors are central to responding to the climate crisis as this can help ensure measures are tailored to local needs, and reach the most vulnerable. It is important that the solutions and practical actions tackling the climate crisis emerge from stakeholders in developing countries. There is a need to create a space for vulnerable people and communities to tell their stories about the climate crisis, communicate their priorities for action, share their solutions and have access to adequate adaptation finance.

4. **It is necessary to improve the coordination of finance between humanitarian, development and climate actors and to bridge the gap between climate, development and humanitarian funding**

Bridge the silos between climate, development and humanitarian actors and finance: Strengthen the climate finance framework coherence by enhancing the coordination between climate change adaptation, disaster risk reduction, humanitarian and sustainable development actors at the international, regional and national level. This would avoid double counting of some funding and facilitate the access to funding for local actors.

Strengthen communication within donor governments and agencies (e.g., between environment, development, and humanitarian departments) as well as within climate vulnerable countries should to ensure that support and actions go to where it is most needed in a coherent, coordinated manner.

Donors should be significantly more transparent on financial flows: More transparency on the type of finance, its provenance and the moment of its availability would help keep track of the funding and make it more accessible. This also includes to enhance coordination and create a coherent plan with division of labour between the actors and reduced fragmentation, both internationally and within countries.

Supporting documents

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