



VOICES FOR JUST CLIMATE ACTION SUBMISSION ON NCQG 7th Technical Experts Dialogue

This submission is made on behalf of the Voices for Just Climate Action (VCA) Alliance led by the Worldwide Fund for Nature Netherlands (WWF-NL), SouthSouthNorth (SSN), Akina Mama wa Afrika (AMwA), Slum Dwellers International (SDI), Fundación Avina and Hivos. The Alliance brings together over 170 civil society actors and underrepresented groups from Tunisia, Kenya, Zambia, Indonesia, Brazil, Paraguay, and Bolivia.

This submission is in response to the co-chairs' letter of 22 June inviting stakeholders to submit their views on the seventh technical expert dialogue on the theme of quality and transparency arrangements.

This submission is based on, and motivated by, the lived realities of local actors and underrepresented groups at the frontline of the climate crisis but who are working to contribute to and scale up their locally-led climate solutions to safeguard and improve the lives and livelihoods of their communities.

Locally-led solutions should be at the centre of the global response to climate change with the imperative to adequately finance, connect and scale up local solutions to respond to climate change and achieve the 2030 Agenda for Sustainable Development.

The VCA Alliance submits to the ad hoc programme the following inputs for consideration during the seventh technical expert dialogue on quality and transparency arrangements.

In our view, the ad-hoc work programme should consider the following when setting the qualitative scope of the goal and transparency arrangements under the NCQG:

Qualitative Scope of the Goal

1. The ad-hoc work programme should recognise and build on an international agreement on "effective development cooperation", particularly the Addis Ababa Agenda for Action (AAAA) for financing for development. While recognising that the AAAA proposes leveraging private finance, we wish to take note of the need to limit the NCQG to public-sector finance only.
 - ❖ First, Article 9 of the Paris Agreement clearly stipulates that developed country Parties shall provide financial resources to assist developing country Parties with respect to mitigation and adaptation in continuing their existing obligations under the Convention. Our position is that developed country parties, in this case, refer to the governments of developed countries and not third-party actors. The responsibility, therefore, as explicitly provided for under the Paris Agreement, directly rests with developed countries' governments.
 - ❖ Secondly, while recognising climate finance is not official development assistance, we want to reflect on the lessons learnt from the ongoing shift in the global aid architecture as a subset of changes happening within the global financial architecture. We call for critical attention to be paid to current proposals to leverage private-sector finance. This is particularly important because many government and multilateral funders are channelling their finance through the

private sector, particularly through blended finance¹. This will result in more private finance in middle-income countries (MICs) than in least-developed countries (LDCs). If this trend continues, it will divert further concessional public finance away from the poorest nations.

2. In addition, the new goal should be composed of grant-based finance and must promote a long-term and flexible programmatic approach. It must guarantee increased accessibility for devolved financing. There should be a target for the grant element and local access.
3. The Ad hoc work programme should also consider the outcome of ongoing work on the definition of climate finance by the standing committee on Finance (SCF) as mandated by decision 5/CP.26.
4. The criteria for the quality of climate finance should include untying climate finance, country ownership, strengthening country systems, reducing fragmentation, inclusive decision-making, and increased transparency and mutual accountability.
5. The new goal must consider the following principles for Locally Led Adaptation in formulating the quality criteria:
 - Devolving decision-making to the lowest appropriate level;
 - Providing patient and predictable funding that can be accessed more easily;
 - Investing in local capabilities to leave an institutional legacy;
 - Building a robust understanding of climate risk and uncertainty;
 - Flexible programming and learning.
6. There is a need to increase the number of national Accredited Entities (AE) or intermediaries in developing countries. Overall, the analysis of funding affirms the proposition that the Green Climate Fund (GCF), for example, is heavily skewed towards international AEs, thus reinforcing the historical global development model²³. It highlights the concentration and dominance of a few international agencies in the GCF.

Transparency

1. The new goal must build on a transparency framework under the UNFCCC for tracking progress on the delivery of the goal. This should include assessments that climate finance is new and additional.
2. Develop and report on specific indicators for their financial reporting systems that capture financial flows that are received by local communities and, specifically, priority rights holders and detail how these groups are involved in decision-making.
3. Ensure transparency of funding flows and downstream accountability by civil society organisations, including those representing vulnerable communities and priority rights holders.

¹ A report by Oxfam titled "[Accountability Deficit? Assessing the Effectiveness of private finance blending in Ensuring that small-scale farmers are not left behind](#)" reveals that the amounts channelled to private finance blending are likely to keep rising. The report adds that for example, the European Union's Multiannual Financial Framework (MFF) for 2021-2027 proposes to significantly increase cooperation with the private sector in development finance, including blending. EU guarantees and blending facilities (not all of them private finance blending) account for €4.1bn under the current MFF (2014-2020), and there are indications that this may increase to as much as €15bn in the next MFF. Moreover, private finance is used more in middle-income countries (MICs) than in least-developed countries (LDCs), which, if the trend continues, will divert further concessional public finance away from the poorest nations.

² Green, M. Development Theory and Practice. In *Social Development: Issues and Approaches. Critical Perspectives*; Kothari, U., Minogue, M., Eds.; Palgrave: London, UK, 2002; pp. 52-70.

³ Horner, R. Towards a new paradigm of global development? Beyond the limits of international development. *Prog. Hum. Geogr.* 2020, 44, 415-436.[Green Version]

4. Ensure accountability and transparency from those who receive and benefit from the finance, including tracking the accuracy of gender and climate finance markers.
5. Timely, secure, and high-quality disaggregated data are necessary to ensure transparency on climate finance.
6. The ad hoc working group needs to consider starting a process to establish the climate finance data quality framework in line with United Nations National (Data) Quality Assurance Frameworks.
7. Considering the progress made on aid transparency efforts and the potential benefits of an independent and credible climate finance data aggregator would be useful.

As partly discussed/ proposed during the Sixth Technical Expert Dialogue (TED 6), determining whether the quantum of the NCQG should be based on a developed country's Gross Domestic Product (GDP) or its emissions could form a critical mechanism for transparency and accountability in meeting individual country climate finance commitments.

Further, the following should also be given consideration:

- NCQG should always link to all SDGs in addition to the climate objectives. The ultimate aim of climate finance is to contribute to addressing the climate crisis sustainably, enhancing gender justice and reaching all the SDGs without cherry-picking amongst them.
- The NCQG should be structured in a way that it operates in line with principles of democratic ownership to ensure inclusiveness and participation of the local population and impacted communities, including civil society, in decision-making; manage for results that align to countries' development objectives and use country systems; have clear key performance indicators that are harmonised across donors and results metrics, and clear partnership-specific results indicators; ensure transparency; be unconditional and ensure robust monitoring, evaluation and learning.
- The NCQG should also respect international legal and voluntary standards including complying with international human rights frameworks and voluntary standards.
- The NCQG should also include a clear framework facilitating due diligence and risk management.