23rd session of the Committee of Experts on Public Administration

Written statement by the United Nations University — Institute for the Advanced Study of Sustainability (UNU-IAS)

Agenda item 5: Institutions, climate action and environment

Challenges at the national level

- The growing demand for critical minerals (CM) to meet low carbon transition goals can result in adverse environmental and social impacts in producing or supplying countries. The environmental impacts of the CM value chain are wide-ranging, including water pollution from cyanide and sulfuric acid used in refining.[1] A major concern is the lack of adequate governance and institutional capacity to implement and effectively enforce environmental and labor regulations and standards.

- The response of insurers to chronic climate risks (e.g., sustained high temperature) has been largely limited to traditional crop insurance products. In recent years, innovative solutions such as weather index-based insurance have gradually increased interest in various geographies. Greater effort is needed among insurers and governments to understand how chronic climate risks will, directly and indirectly, translate to quantifiable and measurable losses, which in turn will require developing more innovative solutions to mitigate the impact of these risks.

- Developing countries require a just transition pathway for energy, supported by innovative climate financing instruments (e.g., concessions and taxes; risk and debt management; green, blue, and sovereign bonds); increased private investment; and nature-based mitigation and adaptation solutions. Investment in national adaptation plans is crucial for resilience and adaptation efforts but developing countries have received billions of US dollars less than the estimated cost, with most of the financing allocated to mitigation.

- Data gaps are a crucial challenge for climate action implementation and monitoring. Until 2019, on average, countries only reported on half of the SDG 13 indicators. In several 2022 VNRs, detailed descriptions of SDG 13 targets, indicators, or data gaps were absent from the main VNR reports. Despite UN DESA guidelines on VNR preparation and reporting, including on the importance of up-to-date and high-quality disaggregated data, diverse reporting formats and cherry-picked content are evident. Developing countries face technical and statistical barriers to implementing climate programs and environmental assessments at the national and local levels.

Challenges at the local level

- Investments are geographically imbalanced and insufficiently reach cities in the least developed countries, South Asia, and Sub-Saharan Africa. Less than USD 1.6 billion

[1] International Energy Agency (IEA). 2021. The Role of Critical Minerals in Clean Energy Transitions, World Energy Outlook Special Report. https://doi.org/10.1787/f262b91c-en
Egidi, P. 2022. Mineral Wealth and NORM. Standing up a New Rare Earths Industry in the United States. *Radiation Physics and Chemistry* 201: 110408. https://doi.org/10.1016/J.RADPHYSCHEM.2022.110408

was approved for locally focused climate projects from 2003 to 2016.[2] This is exacerbated by the inability of development finance institutions and multilateral development banks to mobilize climate investment for cities at the pace and scale required due to the constraints of their mandates and balance sheets.[3]

- Cities in developing countries face a lack of capacity that hinders their efforts to access climate finance and their climate mitigation and adaptation through financing from own-source revenue (OSR). These cities require support to enhance their capacity to collect OSR and strengthen financial management.

Recommendations

- *Strengthen the circular economy and address environmental and social concerns.*

  Countries must minimize the environmental and social impacts of CM extraction and use by building sustainability throughout the entire CM value chain. This includes implementing sustainable sourcing practices (e.g., environmental and social impact assessment, engagement with local communities, and responsible sourcing policies); instituting policies to help manage demand and reduce wastage throughout the lifecycle of CMs; fostering innovation and R&D in alternative CMs; and promoting recycling, recovery, and resource conservation.

- *Strengthen policy and legal frameworks and increase efforts to improve institutional capacity.*

  Establishing frameworks to foster capacity building, transfer climate technologies, and mobilize domestic and private funds is vital to strengthen policy and institutional capacity for climate action. Ghana, for instance, has improved tax compliance following its 2020 Revenue Administration Act, which enhanced domestic revenue mobilization. When developing a climate change strategy, assessing capacity needs for SDG and NDC implementation must be included in designing appropriate training packages. In 2021, Malawi updated its strategy on climate change learning to adopt a systematic approach across levels and earmarked budgets for capacity building until 2030. Training centres must be available beyond the capital and major cities to improve rural capacity. Lesotho is implementing a Smallholder Agriculture Development Project to support rural youth and women, increasing access to climate-smart technologies. Zimbabwe offers onsite training for local farmers at the intersection of agriculture and information and communications technology.

- *Take urgent action to increase financial flows and improve resource mobilization.*

  A holistic policy framework and investment environment are key to improving the fiscal space for investing in climate resilience and helping leverage private sector finance. Successful efforts include establishing a financial framework for climate action (e.g., Gabon, Liberia, and Senegal), enacting climate-relevant legislation (e.g., Sao Tome and Principe) and developing national climate change plans (e.g., Lesotho and Somalia). They require developing SDG and NDC investment plans, climate screening

[2] Soanes, M., Rai, N., Steele, P., Shakya, C., et al. 2017. "Delivering Real Change: Getting International Climate Finance to the Local Level." IIED Working Paper, March 2017. London: IIED.
[3] UNFCCC. 2019. "2019 Forum of the Standing Committee on Finance: Climate Finance and Sustainable Cities."

national budgets, and identifying concrete external funding proposals. Another priority is initiating a national climate fund to which the government contributes a fixed share and further contributions from taxes on energy-intensive industries or fossil fuel-powered vehicles.

- *Diversify financial approaches and build community-driven sustainability financing.*

  Market-based solutions can be a complementary source of climate finance for cities of all sizes. Land value capture (LVC) can be attractive for city governments and developers to finance resilient and climate-smart urban development. Curitiba (Brazil) used LVC to convert flood-prone areas into greenspace capable of capturing and retaining stormwater. An alternative is coupling climate or municipal bonds with infrastructure development. Cape Town (South Africa) issued green bonds accredited under the Climate Bond Initiative to upgrade water infrastructure, with bond listing and marketing through a private-sector intermediary.

  Community-driven sustainability financing can be achieved by combining non-formal market mechanisms with grassroots financial innovations to incentivize and mobilize resources that promote local sustainability. Tools include time banking, local exchange trading systems, local complementary currencies, and community share. Sarafu-Credits, a community currency in Kenya, is used for environmental improvement in informal settlements through tree planting, trash collection, and food gardens.

- *Leverage the insurance sector's ability to mitigate chronic climate risk.*

  There is a need for research on the direct and indirect implications of chronic climate risk on insurers. It is important that the quantification of these risks is not restricted to mortality and morbidity but also to the socioeconomic impacts, such as loss of workforce productivity and employment loss. Such research could feed into identifying key priorities for the regulation of insurers and identifying the need for government intervention to maintain insurance coverage either through a public sector scheme, such as the Australian Reinsurance Pool Corporation, or through the private sector but a state-legislated scheme. Insurance can also catalyze governments to move toward anticipatory risk management. Government intervention in the insurance sector should go hand-in-hand with broadening access to social security for vulnerable, marginalized, and excluded communities, such as small farmers.

- *Enhance monitoring, reporting, and evaluation for SDG 13 and associated indicators across levels and scales.*

  Emission measurement across sectors is crucial for SDG 13. Identifying and measuring emissions across key contributing sectors, e.g., energy, transport, and waste, is necessary. Without accurate projections and estimates, a national GHG inventory may not be possible. This would also impact NDCs and net zero targets and monitoring of SDG 13.2.2. A robust system for monitoring data across all levels and sectors allows countries like Kenya and South Africa to present well-defined climate commitments in their VNRs. The benefits of quality reporting include better-designed policies, enhanced peer learning, and an improved data ecosystem. To deliver this, examples of strategies include providing disaggregated data, updating cumulative figures at least annually, following the SDG reporting protocol (e.g., Malawi has produced DRR

statistics regularly since 2016), and developing databases for natural disaster losses (e.g., Botswana, Lesotho, and Malawi).

- *Accelerate the local adoption of disaster risk reduction strategies and climate action plans.*

  Local DRR strategies and climate action must be responsive to local needs and aligned with the national climate plan and the Sendai Framework. The 2013 Disaster Risk Management Policy and Strategy of Ethiopia offers a holistic approach to managing disaster risks at national and local scales while advancing sustainable development. It has been mainstreamed across sectoral plans, aligned with the Sendai Framework, and addresses several SDGs directly and indirectly. A critical follow-up step to fast-track adoption is local or subnational reporting as part of the VNR process. This can inform SDG progress and encourage local governments to align their development plans with NDC implementation.

These inputs are based upon UNU-IAS research findings, including the following publication:

- Khalid, A.M. and Okitasari, M. 2023. "Accelerating climate action in Africa: Insights from the 2022 Voluntary National Review". UNU-IAS Policy Brief No. 41, Tokyo.

- Okitasari, M., Liu, W., Kandpal, R. and Morita, K. 2023. "Closing the gap on city climate finance in developing countries". UNU-IAS Policy Brief No. 42, Tokyo.

- Janardhanan, N., Moinuddin, M., Olsen, S.H., Murun, T., Kojima, S., Takemoto, A., Korwatanasakul, U., Okitasari, M., Goel, S., Moerenhout, T., Narula, K. and Sedaoui, R. 2023. "Critical minerals for net-zero transition: How the G7 can address supply chain challenges and socioenvironmental spillovers". Think7 Japan Policy Brief, Task Force: Wellbeing, Environmental Sustainability, and Just Transition, Tokyo.