

Remarks on CEPA Paper on Item 5 of the provisional agenda on institutional mechanisms for providing economic, financial and structural support to address climate change, reduce use of fossil fuels and protect biodiversity

1. First and foremost we wish to congratulate the committee members that prepared the paper on public administration and support to climate funding for the job well done.
2. The paper provides accurate data on the financial effort needed to fund adequately mitigation and adaptation climate action and warns on the poor implementation of the commitments made by the international community with regards to the support provided to developing countries to meet the Paris Agreement objectives.
3. The paper rightly insists on two key issues at stake in climate finance: 1. the imbalance of financing efforts on climate action between the reduction of greenhouse gas emissions (mitigation) and adaptation actions to climate change; 2. the importance of the local level in climate action since there is common understanding that the fight for the reduction of greenhouse gas emissions and adaptation to climate change will be won or lost in cities and territories.
4. The paper does not highlight enough the fact that focusing on climate action at the territorial level allows to better link the climate agenda with the biodiversity agenda, since these agendas are closely intertwined at the territorial level where addressing one area will have automatically an impact on the other area. For example safeguarding wetlands and mangroves has an impact on biodiversity protection, minimizing the consequences of floods, coastal erosion, or soils deterioration, and at the same time on carbon sinking.
5. It is therefore recommendable that more focus is put on the territorial level when addressing climate and biodiversity challenges. This is the reason why our organization, United cities and local governments of Africa (UCLG Africa) proposes to take advantage of the current revision of the nationally determined contributions (NDCs) that each State party to the United Nations Framework Convention on Climate Change (UNFCCC) must submit to the Convention's secretariat to fulfill its commitment to the implementation of the Paris Agreement, to adopt a bottom-up approach to the revision process of the NDCs, starting with the definition of locally determined contributions (LDCs), and harmonizing them at national level within the NDCs, following a vertical dialogue between the national and subnational and local spheres of governance. This proposal has been endorsed by the African Group of Negotiators in 2022 at the 26th Conference of the Parties in Glasgow, Scotland, United Kingdom (COP26) and confirmed during the Conference of the Parties in 2023 in Sharm-El-Sheikh, Egypt (COP27).
6. The paper covers fairly the issue of climate finance. It rightly highlights the difficulty of identifying the rate of return for climate adaptation projects, which make those projects seldom attractive to private finance. This is the reason why so far, climate finance is targeting mainly mitigation projects because there are metrics that permit to measure the impacts of such mitigation projects beyond the normal expectation of return on investments. The situation is quite different for adaptation or resilience projects. In fact there is a lack of robust metrics to measure the impact of adaptation projects, also because adaptation actions are related to the diverse contexts where actions have to be implemented.

7. The paper proposes to improve attractiveness of adaptation and resilience projects by linking mitigation and adaptation projects so that we take advantage of the possibility of measurement, reporting and verifying that mitigations projects can provide. If such proposal is certainly not doing justice to situations like the ones encountered in Africa where the priority climate action is building resilience mainly through to climate change adaptation actions. It is therefore imperative that adaptation to climate change and resilience receive better attention in Africa, which makes it imperative to progress in the measurement, reporting and verification of adaptation and resilience solutions. Contrary to the proposal in the paper, given the priority to adaptation in climate action in Africa, it is envisioned that mitigation targets are met through adaptation and resilience actions.

8. To unlock access to climate finance for adaptation and resilience projects, the issue of appropriate metrics for adaptation and resilience projects should not be underestimated. Defining proper metrics for adaptation projects is one of the priority duties at hands. This calls for a greater collaboration between the institutions in the climate change ecosystem and universities and research centers, in order to launch a bold initiative on the design and adoption of robust metrics for measurement, reporting and verification of impacts of climate adaptation and resilience projects, thus opening up a window of opportunity for a more balanced financing of both climate mitigation and adaptation projects.

9. To overcome institutional barriers for subnational governments to access climate finance, the paper mentions among others, the possibility offered by the adaptation fund financed through the carbon market. The carbon market was established to support the clean development mechanism under the Kyoto Protocol. At that time the main focus was on reducing greenhouse gas emissions globally, and the idea was to set up a carbon market that would allow the buying and selling of rights to emissions, therefore establish a market value and price for carbon footprint of human activities. This mechanism is adapted for climate mitigation actions and not really for climate adaptation and resilience actions. Furthermore the carbon market did not show real efficacy since the pricing of carbon did not result in a significant turn over allowing to raise enough resources for the adaptation fund. Finally, the low level of carbon price did not permit the carbon market to reach the level of an efficient mechanism for the reduction of carbon footprint of human activities.

10. For the carbon market to fit for purpose with regard to the financing of subnational governments climate adaptation and resilience actions, greater attention should be paid to the compensation of the value of carbon sinking and nature-based solutions to avoid greenhouse gas emissions. The paper did mention this point but it did not dig deep on these reflections as it should have. In fact one of the weaknesses of carbon pricing as it operates now remains its failure to take into account the costs avoided thanks to climate adaptation measures. This points out to the need for better understanding of the value of natural assets and of the measurement of the costs of losses and damages of natural assets following climate disasters. The contribution of the insurance community should be solicited to convince the climate finance community to review their assessment of the bankability of projects by integrating the measurement of the value of natural assets and the impact of climate change on the risks of loss and damage. In that case adaptation metrics can take the form of evaluation of expenses that are avoided thanks to adaptation and resilience actions.

11. For the time being the resources of the Green Climate Fund (GCF) are not directly accessible to subnational and local governments for the reasons that are clearly explained in

paragraphs 38 and 39 of the paper. However UCLG Africa has been granted the status of implementing partner of the GCF, which offers it the capacity to be a window for African subnational and local governments' access to the GCF Readiness programs that aim to assist in the preparation of climate mitigation, adaptation and resilience projects that can benefit from GCF funding. UCLG Africa is also striving to be an accredited entity of the Green Climate Fund, opening up to greater access of African subnational and local governments to GCF funds.

12. At COP27, many African countries pledged that there is need to recognize the ecological services that the Forest of the Congo Basin in Central Africa render to humanity in terms of carbon sinking and biodiversity protection. They argued that this benefit should be compensated so that the local populations are not tempted to embark into large deforestation activities that could result in a serious disorder in the global climate equilibrium. The first attempt to compensate this ecological service has been in tested in Gabon where the international community accepted to pay 5 dollars per ton of carbon sequestration to the country, to compare with the 100 dollars per ton of carbon emissions paid in the developed countries. The issue remains also to make sure that the resources mobilized through this compensation mechanisms reach the local populations that are the custodians of forests and biodiversity protection.

13. Capacity building for climate action is an area where all stakeholders, including the national and subnational governments, are in a learning mode. The paper does not put enough emphasis on the role that national associations of subnational and local governments play in disseminating capacity building programs across board, and in organizing peer learning activities with regard to climate action.

14. The role of national and regional associations of subnational and local governments is also critical to carry the voice of local authorities when it comes to advocate for greater attention to local climate action and its financing. This calls for the application of the subsidiarity principle in climate finance, with the need to open a dedicated window for subnational and local governments to facilitate their direct access to climate finance instruments such as the Global Environment Fund, the Green as ultimate end to open a dedicated window for subnational and local governments at the Green Climate Fund and at the Adaptation Fund. Climate Fund or the Adaptation Fund. To that end these instrument should consider granting the status of accredited entity to the national associations of subnational and local governments or ad minimum, and to their Panafrican umbrella organization, the United Cities and Local Governments of Africa (UCLG Africa).

15. The paper's recommendations are globally in order. The only missing recommendations are about the unavoidable role of subnational and local governments in speeding up climate action, particularly for adaptation and resilient projects and solutions; and about the necessity of a structured multi-levels and multi-stakeholders dialogue in the race for adaptation and resilience to climate change.

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