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Submission to CMA 4*

Views by the Heinrich Böll Stiftung Washington, DC on the new collective quantified goal on climate finance as specified in paras. 15 and 16 of decision 9/CMA.3

The Heinrich Böll Stiftung Washington, DC welcomes the opportunity to submit our views on the new collective quantified goal (NCQG) on climate finance in line with decision 9/CMA.3 paragraph 15 and the elements referred to in paragraph 16 as part of this call for Parties' and stakeholder inputs.

The Heinrich Böll Stiftung Washington, DC believes that open, transparent and inclusive deliberations for the NCQG must take into account existing obligations of Parties under the UNFCCC, lessons learned from the shortcomings of setting and fulfilling the USD 100 billion goal, which the NCQC must supersede both in significant quantitative and qualitative terms, as well as the growing needs of needs and priorities of developing countries, their communities and people in light of the climate emergency, with impacts aggravated by the COVID pandemic and a worsening debt crisis, and particularly considering required finance flows for adaptation and loss and damage.

Relationship Article 2 Paris Agreement and New Collective Quantified Goal

In deciding that "the new collective quantified goal aims at contributing to accelerating the achievement of Article 2 of the Paris Agreement", including specifically in "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development" (decision 9/CMA.3 para. 15), Parties recognized and reiterated a clear understanding that the NCQG, while part of the broader efforts to increase the Paris alignment and climate compatibility of all financial transactions in the wider global finance architecture, is distinctly different and must be therefore guided by a clearly articulated set of jointly agreed definitions, obligations, principles, rules, methodologies and guidelines, including in particular the highest standards of transparency and accountability. All of these have so far been largely elusive for determining the real climate contribution of flows under Art.2.1(c) of the Paris Agreement, where there is a lack of consistency of finance flows and a significant danger of greenwashing .[1]

Article 9 of the Paris Agreement, specifically explicit mandates under paragraphs 9.1. and 9.3, confirm the requirement for developed countries to provide resources to developing countries "in continuation of their existing obligations under the Convention" (stemming from its Articles 3.1. and 4.3.)[2] and coming from a "variety of sources, instruments and channels, noting the significant role of public funds", including for achieving and providing resources under a NQCG on climate finance post-2025. This does not preclude the financial contributions of other than developed country Parties[3], but it

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[1] SCF (2021) Fourth (2020) Biennial Assessment and Overview of Climate Finance Flows. Bonn, Germany: United Nations Standing Committee on Finance (SCF). See discussions under Chapter 4; available at https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Report%20-%20V4.pdf.

[2] The Convention has laid out that the Parties need to take climate actions, including on finance, on "the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities" (Art. 3.1) and articulated the requirement for "adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties" (Art. 4.3).

[3] For example, several developing country Parties have contributed some resources to the Green Climate Fund (GCF) voluntarily, although 98% of all contributions to the GCF's first replenishment (GCF-1) pledged and confirmed so far have come from developed countries.

makes it clear that such efforts are voluntary. They are neither required nor can they be expected to contribute to the fulfillment of the NCQG.

With the NCQG thus clearly differentiated from wider financial flows under Article 2.1 (c), and the obligations of developed countries undiluted, it is clear that the process establishing the NCQG must concentrate on ensuring that finance mobilized and provided under this goal is targeted to address shortcomings and significant existing 'blind spots' in the efforts of shifting financial flows more broadly toward Paris Agreement alignment. This means prioritizing and focusing finance mobilized and provided under the NCQG on those activities, countries or population groups largely left behind by financial systems and market- and profit-driven investment approaches, and with little or no alternative financing access. These include in particular people-centered, human-rights compatible climate investments in support of (local) public goods with high levels of concessionality, including multi-benefit and cross-cutting approaches ensuring biodiversity is not harmed in the name of too narrowly targeted climate action s driven by profit maximization mandates.

A prerequisite for any differentiation (from wider financial flows) and quantification efforts under the process to elaborate a NCQB is finding a common and multilaterally agreed definition of what is counted as climate finance under that goal. In the ongoing climate finance commitment period until 2025 for the USD 100 billion goal, the lack of such a common definition of what is counted as climate finance has undermined monitoring, reporting and verification (MRV) and assessments of comparability, adequacy, additionality and predictability of developed countries' climate finance promised and delivered. Thus, improving the current operational definitions of climate finance identified by the Standing Committee on Finance (SCF) in its biennial assessment (BA) reports should be tackled concurrently to – and to the extent possible within – the process to set the NCQG. It would be in particular relevant for the NCQB to have a common understanding regarding the use and inclusion of financing for certain sector-specific activities, financial instruments and related cost of financing as well as approaches to public and private finance flows.[4] While a positive definition (what is counted) might be hard to agree to politically, it should be possible to progressively expand over the discourse a 'negative list' definition of what kind of finance mobilized and provided should definitely not count toward the NCQF, such as continued fossil-fuel support or financing via export credit agencies.

A further point of differentiation between wider financial flows and finance accounted under a NCQG should be linked to methodological certainty and data availability and the related transparency of flows and their accountability, as reflected by the SCF its 'onion' diagram tracking climate finance flows[5]. It is clear that several of the 'layers' of the onion further removed from its core (namely multilateral climate finance provided through climate funds as part of the financial mechanisms of the UNFCCC and the Paris Agreement and accountable to and receiving guidance from the Conference of Parties) lack methodological rigor, data transparency and thus cannot be held fully to account for quantitative and qualitative fulfillment of contributions under the NCQB. This includes for example to a significant extent mobilized ('leveraged') private sector climate finance claimed for attribution by developed country climate finance support as well as broader private sector leverage promises. Thus, the extent to which 'leveraged' private sector climate finance can be attributable to the NCQG needs to be clearly defined, with common methodologies and commensurate disclosure and accountability requirements for the private sector profiting from developed country public sector climate finance mobilized and provided.

[4] As the SCF 4th BA highlights, methodologies to track, estimate and report climate finance vary widely in terms of what is counted depending on the purpose and scope of the tracking exercise, with differences on a number of key variables, including geographic scope, recipients, objectives, causality, financial instruments, point of measurement, gross/net flows, amount or cost of finance, to name some, but not all of these variables.

[5] Ibid, Figure2.

Lessons applied from the USD 100 billion goal to the NCQG post-2025

Efforts and observed shortcomings to initially determine and then to fulfill the USD 100 billion goal set in 2009 must be scrutinized and respective lessons taken into account and applied in framing and agreeing on a NCQC which has to be a significant improvement over existing collective efforts by developed countries to provide climate finance to developing countries in both quantitative and qualitative terms. Such deliberations must be guided by a set of strong normative principles and criteria[6] relevant for the mobilization and provision of climate finance from developed to developing countries that speak to its adequacy and precautionary nature, predictability, additionality as well as equity. They must also be consistent with existing human rights commitments and obligations that Parties have collectively committed to uphold when taken climate action as stipulated in the preamble of the Paris Agreement, such as "the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity" and with the support for a just transition with "creation of decent work and quality jobs."[7]

These lessons learned and relevant principles and obligations should be applied to procedural elements for setting and reviewing the NQCS as well as its substantive core determinants, *inter alia* those listed under paragraph 16, 9/CMA.3, related to quantity, quality, scope, access features, sources of funding, and transparency arrangements to track progress.

Quantitative considerations for a NCQG post-2025

Scale

In contrast to the lowest common denominator political compromise that in 2009 set the USD 100 billion annual goal by 2020 (which will likely earliest be met in 2023[8]), the NCQG, while of course determined through political negotiations, must be based on equity and scientific assessments of required investments (Article 14.1 Paris Agreement) and technical assessments of developing countries needs and priorities (Article 9, paras. 3 and 4). Scientific and technical assessments of required financing are not static but dynamic, and thus need to be periodically revisited and adjusted – for example in the context of 5-year efforts to increase collective ambition in successive rounds of upgraded nationally determined contributions (NDC), with delayed mitigation action and underfunded adaptation efforts increasing the costs of addressing loss and damage. Input from the first ever assessment report by the Standing Committee on Finance (SCF) on developing countries' needs for implementing the Paris agreement, should be considered. It identified for 612 detailed actions in just 12 National Adaptation Plans (NAPs) financial needs of USD135 billion until 2030, while 1,782 financial needs identified by developing countries across just 78 NDCs were estimated cost up to USD 5.9 trillion until 2030 alone.[9] Developing countries called in Glasgow for a NCQG with efforts to "mobilize jointly at least USD 1.3 trillion per year by 2030".[10]

Allocation and sub-goals

A balanced allocation of adaptation and mitigation finance was agreed in Copenhagen 2009 and reiterated in Article 9.4 of the Paris Agreement, but remains far from being met: the newest OECD numbers, notwithstanding the growing relevance

[6] See for example Schalatek, L. and Bird, N. (2020) The Principles and Criteria of Public Climate Finance. Washington, DC/USA: Heinrich Böll Stiftung Washington, DC and ODI, Climate Finance Fundamentals (CFF) 1. https://climatefundsupdate.org/wp-content/uploads/2021/03/CFF1-ENG-2020-Digital.pdf
[7] UNFCCC (2015) Paris Agreement. Bonn, Germany: UNFCCC. https://unfccc.int/sites/default/files/english_paris_agreement.pdf
[8] https://www.oecd-ilibrary.org/docserver/03590fb7-en.pdf?expires=1644792087&id=id&accname=guest&checksum=5EBB8D17D16429A93670336DC372A4CD
[9] https://unfccc.int/sites/default/files/resource/54307_2%20-%20UNFCCC%20First%20NDR%20technical%20report%20-%20web%20%28004%29.pdf
[10] https://unfccc.int/sites/default/files/resource/New_collective_goal_decision.pdf.

of cross-cutting financing approaches that combine elements of adaptation and mitigation (but for which no clear accounting methodology exists), show that the provision of finance for mitigation is about threefold that of adaptation in nominal terms,[11] findings largely confirmed by the SCF's 4th BA Report.[12] Addressing this imbalance, a separate adaptation finance section of the CMA decision of the Glasgow Climate Pact urges a significant scale up of adaptation finance, including by requesting developed country Parties to double their collective provision of adaptation finance to developing countries from 2019 by 2025 (although this will leave adaptation finance still short of a minimum USD 50 billion per year in line with a USD 100 billion annual target).[13] The NCQG should therefore stipulate **sub-goals for finance provided for mitigation, adaptation and in support of efforts to address loss and damage**. In setting such sub-goals, quantitative and qualitative aspects must be taken into account (a balance of targets for different purposes, nominal vs. grant equivalent terms and financial instruments utilized, for public sector vs. private sector financial provision). Given the serious underfunding of adaptation and the lack of dedicated financing for addressing loss and damage, and considering from a climate justice perspective the moral imperative of providing this funding overwhelmingly in the form of public sector grants, such funding theme sub-goals could be dedicated entirely to public sector grant provision, as some have suggested for a new collective quantified goal on public-sector adaptation grant finance.[14] At minimum, they should include specified targets (percentages of the overall sub-goal for example) for how much of this finance is to be provided as public grant finance. Following the example of the GCF, the NCQG could also consider sub-targets for ring-fencing climate finance provision for adaptation and for addressing loss and damage for particularly vulnerable countries, especially small island developing states (SIDS) or least developed countries (LDCs), as already indicated for grant-based public adaptation finance as a possibility under Article 9.4 of the Paris Agreement.

Qualitative considerations for a NCQG post-2025

While Article 8 of the Copenhagen Accord stipulated that "[s]caled up, new and additional, predictable and adequate funding as well as improved access shall be provided to developing countries", its reference to developed countries' commitment "to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries" coming from a wide variety of sources in the same article lacks such explicit qualifiers.[15] A NCQG should clarify and apply respective criteria and principles, as the failure of the Copenhagen goal to do so significantly impacted the quality of climate finance provided between 2009 and 2022 toward the fulfillment of this goal.

Human rights compatibility and gender responsiveness.

Integrating qualitative aspects into the discourse around and the setting of a NCQG is paramount. These need to pay particular attention to consider the human rights aspects of finance provision under that goal as well as its gender-responsiveness and the accountability for whether mobilized finance under that goal is disbursed and implemented in support of those rights. The effectiveness of climate finance mobilized, let alone equitable and climate-just outcomes, cannot be safeguarded without caring for how it is provided and implemented with a focus on people and their rights and abilities to affect change. This speaks to issues, discussed in more detail in separate sections, related to the balanced provision of finance for mitigation, adaptation, and for addressing loss and damage and the additionality of those resources to the agreed country targets for Official Development Assistance (ODA); safeguarding the adequate and predictable provision of the vast majority of funding for public climate actions for adaptation and loss and damage as grants and as full-

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[11] https://www.oecd-ilibrary.org/docserver/03590fb7-en.pdf?expires=1644792087&id=id&accname=guest&checksum=5EBB8D17D16429A93670336DC372A4CD
[12] https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Report%20-%20V4.pdf
[13] https://unfccc.int/sites/default/files/resource/cma3_auv_2_cover%20decision.pdf
[14] https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202201281320---OCP%20Submission%20Feb%202022%20Global%20Goal%20on%20Finance%20final.pdf
[15] https://unfccc.int/files/meetings/cop_15/application/pdf/cop15_cph_auv.pdf

cost financing, not just incremental cost financing; as well as the accessibility of climate finance and the participation of affected local communities and marginalized population groups, including Indigenous Peoples, the disabled or women, in climate finance decision-making, such as via devolved and enhanced direct access approaches.

While the gender consideration of climate finance provided by developed countries to developing countries has improved since the USD100 billion goal was set (as also reflected in growing codification and elaboration of gender mandates in the UNFCCC and many dedicated climate funds since 2010),[16] there is so far little accountability for aggregate gender equality results achieved, including a lack of collective aggregate accounting for how much climate finance is provided in support of climate and gender equality outcomes. Significant efforts are needed to further improve the quality, scope and accuracy of MRV of gender equality outcomes of funded climate actions. Building on the OECD DAC gender equality markers and their correlation with the Rio Markers, under the NCQG sub-targets should be set for the share of climate finance provided by developed countries to developing countries addressing gender equality for those marked as "principal" versus "significant" respectively, with a dynamic increase (through the five-year review cycles) of the share of climate-related ODA with identifies gender equality outcomes as a "principal" objective of related climate investments.[17]

Additionality

Contrary to promises in Copenhagen to provide "new and additional" climate finance, the majority of climate finance provided by most developed country Parties has been reported as part of their Official Development Assistance (ODA) accounting (as recorded under the OECD DAC), but without commensurate scaling up of ODA to ensure that climate finance is provided on top of 0.7% of countries' gross national income (GNI), a long-standing ODA commitment that so far only a few OECD countries have reached even with the inclusion of climate-related ODA accounted under the OECD DAC Rio Markers.[18] Thus, for the post-2025 NCQG, developed countries' concessional climate finance contributions reported as ODA should be subtracted from ODA calculations towards the 0.7% GNI goal. At the same time greater efforts must be made in accounting to differentiate climate finance classified as ODA from national contributions labeled as non-ODA, such as finance provided from new financing sources, for example under emissions-trading systems (ETS).

The notion of 'additionality' speaks also to the assessment of whether the use of public concessional climate finance to leverage private sector actions has resulted in investments that would not have occurred otherwise. Given that there are no commonly agreed methodologies to determine leverage outcomes, many leverage ratios reported are fraud with double-counting, and there is little public accountability of actual private sector leverage achieved, a NCQG must start with the premise that public finance must remain at the core of fulfilling developed countries' climate finance obligations, with leveraged private climate finance playing a limited and only supplementary, not a substituting role. A NCQG should apply lessons learned from the Copenhagen promise by confirming the primacy of public concessional finance.

Level of concessionality /financial instruments.

Accounting for climate finance provided by developed countries to developing countries under the current commitment period up to 2025 has been in nominal terms, not in grant-equivalent terms, thus significantly overstating the value of

[16] Schalatek, Liane (2021). Gender and Climate Finance. Climate Finance Fundamental 10. Washington, DC: Heinrich Böll Stiftung Washington, DC and ODI. https://climatefundsupdate.org/wp-content/uploads/2021/03/CFF10-ENG-2020-Digital.pdf

[17] For a more detailed discussion see also: Schalatek, L (2021) Core Steps to Increase Quality and Quantity of Gender-Responsive Climate Finance. New York, NY: UN Women Expert Group Meeting. https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/CSW/66/EGM/Expert%20Papers/Liane%20SCHALATEK_CSW66%20Expert%20Paper.pdf

[18] According to the OECD's preliminary figure for 2020, only six countries (UK, Germany, Luxembourg, Sweden, Denmark and Norway) have reached the 0.7% GNI level; in all of these countries climate finance contributions are accounted in this number. See https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm

climate finance provision.[19] According to the OECD, with more than 70% a large proportion of public climate finance is provided in the form of non-grant financial instruments,[20] including also for adaptation. A significant proportion of loans, particularly those channeled through the multilateral development banks (MDBs), are also provided in non-concessional terms.[21] The increased use of loan instruments for climate action is thus adding substantially to increasing the indebtedness of many developing countries. In this context, the **adequacy of financial instruments used** has to be considered and accounted for. The provision of climate finance as repayable loans for public sector actions for adaptation and to address loss and damage not only contradicts the polluter-pays principle at the heart of the UNFCCC's basic tenet of common but differentiated responsibilities (CBDr) and respective capabilities. It also is inadequate for activities, such as the provision of localized public goods for adaptation, for which there is little to no financial return-on-investments or where the goal to generate profits could lead to maladaptation or increased vulnerability (for example through the privatization of basic service provision and related 'climate-proofed; infrastructure for water or electricity, such as often mandated under socially unfettered public-private partnership models). Any concrete number or target for the NCQG, including for recommended thematic or public-private sub-goals, should thus be qualified with respect to the level of concessionality (whether provided as grants or as either concessional or non-concessional loans with respective terms), and finance provided transparently accounted for both at normative or grant-equivalent value. Sub-goals should be set for public grant finance provision, including allowing for and prioritizing full-cost grant provision[22], for adaptation and for addressing loss and damage and in support of particularly vulnerable countries.

Predictability

Increasing the predictability for climate finance mobilized and provided under a NCQG is important to address a significant weakness of the current goal, which relies overwhelmingly on voluntary contributions by developed countries and is missing mandatory assigned contributions to reflect developed countries 'fair share' burden-sharing.[23] To address this, the process for a NCQG must include deliberations on integrating a fair and appropriate financial burden-sharing arrangement among developed country Parties for apportioning responsibility (through mandatory financial assessments) for the provision of financial support based on CBDR and respective capability. For individual countries, such as the United States[24], civil society groups have calculated what a fair share mandatory climate finance contribution under CBDR and supporting global efforts, including a NCQB, could look like. Predictability of climate finance mobilization and provision under the NCQG is also enhanced through linking resource mobilization under the goal with **automated and innovative financing sources**, such as levies and taxes and the use of resulting shares of proceeds for climate finance. The example of the Adaptation Fund should be replicated and expanded. Under the Kyoto Protocol, the Adaptation Fund received a 2 % share of proceeds of certified emission reductions (CERs) under the Clean Development Mechanism (CDM), the only mandated automated finance provision in support of any multilateral climate fund. In Glasgow, it was further specified that under the new market mechanism for emissions-trading on a voluntary basis established under the Paris Agreement the proceeds of a mandatory 5% of traded offsets to be canceled will finance urgent adaptation actions under the Adaptation Fund.[25] The NCQG could encourage replication by providing that a specific share of climate finance mobilized should come from automated sources like taxes and levies (such as CO_2 taxes, financial transaction taxes or transport taxes) and be provided

[19] https://www.oxfam.org/en/research/climate-finance-shadow-report-2020
[20] According to the OECD, of USD 62.9 billion provided in public climate finance in 2019, only 16.7 billion (or 26.5%) is provided as grants.
[21] According the data provided by the SCF 4th BA Report (see pp.74-76), around 88% of the climate financing provided by MDBs and attributable to developed countries was in the form of loans, out of which 70% was nonconcessional, followed by grants with 10% and equity with 2%.
[22] To address the urgent adaptation and loss and damage needs of the most vulnerable, incremental cost approaches, including in grant financing, place unnecessary co-financing burden on developing countries. Thus, full cost adaptation grant provision, such as is provided by the Adaptation Fund, should be prioritized.
[23] https://cdn.odi.org/media/documents/ODI_WP_fairshare_final0709.pdf
[24] https://foe.org/wp-content/uploads/2021/04/USA_Fair_Shares_NDC.pdf
[25] https://unfccc.int/sites/default/files/resource/cma3_auv_12b_PA_6.4.pdf

as grant resources. Other alternative and innovative financing sources promising the provision of finance on a grand scale and with multi-year certainty, such as making Special Drawing Rights (SDRs) available to developing countries under existing developed country quotas, should also be further explored and considered.[26] This was for example discussed in the 2010 Report of the Secretary-General's High-level Advisory Group on Climate Change Financing, which also discussed other alternative financing sources in the context of mobilizing finance for the USD 100 billion goal.[27] In line with the report, the deliberations should also focus on eliminating harmful public expenditures, such as fossil fuel subsidies, and dedicating such resource savings to international climate financing.

Accessibility and subsidiarity

Increasing and facilitating accessibility to climate finance must be a significant consideration for the constituent elements under a NCQG. Problems under the existing provision to be taken into account include eligibility distortions for climate finance channeled through MDBs (for example for many SIDS that are considered to be too high-income to qualify for highly concessional climate-relevant development finance); the continued existence of 'climate finance orphans', countries receiving little to no climate finance, while a large percentage of climate finance (particularly for mitigation) is concentrated in just a few recipient countries; the lack of widespread standard procedures for simplified access (for proven, low-risk approaches and activities, especially of smaller finance amounts); and the need to increase direct access, including enhancing private access for devolving climate finance decisions to sub-national and local levels. The 'missing middle' of climate finance provision at the sub-national level has been recognized, with strategies described for how it can be addressed.[28] According to some estimates, just a miniscule percentage of climate finance provided (around 10% of finance channeled through multilateral climate funds[29]) reaches affected local communities and population groups; even less is directly accessible to them. Quantified, and progressively increased sub-targets should be incorporated in the NCQG for finance channeled via direct access, simplified financing approaches as well as financing devolved and implemented following the principle of subsidiarity on the most local level feasible and in financing tranches at a scale and of a quality (such as small grant mechanisms) that increases the participation and climate finance decision making of local civil society, Indigenous Peoples, women's, or other marginalized community groups. These should include in particular financing approaches for locally-led adaptation, whose principles[30] have gained widespread recognition and support, including by country Parties and in climate funds. The existence of such sub-targets under the NCQB to increase direct, simplified and local access to climate finance would then also mean that a larger share of the overall climate finance mobilized and provided must be channeled through mechanisms and funds that prioritize and further expand such access.

Scope of a NCQG post-2025

The Paris Agreement recognizes mitigation, adaptation and loss and damage with respective articles as thematic areas of for climate action. Although its Article 9 does not refer to finance for loss and damage, a growing number of developing countries, including in outlining planned climate actions and investments under their revised and more ambitious NDCs

[26] See for example: https://www.theguardian.com/commentisfree/2022/jan/14/heres-how-to-repay-developing-nations-for-colonialism-and-fight-the-climate-crisis
[27] https://www.cbd.int/financial/interdevinno/un-climate-report.pdf
[28] Omari-Motsumi, K., Barnett, M. and Schalatek, L. (2019) Broken connections and systemic barriers: overcoming the challenge of the 'missing middle' in adaptation finance. Global Commission on Adaptation Background Paper. https://cdn.gca.org/assets/2020-01/Missing_Middle_Adaptation_Finance_Background_Paper.pdf
[29] See for example research by IIED, available at: https://www.iied.org/climate-finance-not-reaching-local-level, including https://pubs.iied.org/10178iied . While there have been individual case studies, it is almost impossible to access the level of climate financing reaching the local level, as this information is not adequately tagged and tracked.
[30] https://files.wri.org/s3fs-public/uploads/Locally_Led_Adaptation_Principles_-_Endorsement_Version.pdf

submitted in the lead up to COP26[31], have been outspoken on the need for international funding support for addressing loss and damage. The Glasgow Dialogue to discuss the arrangements for funding loss and damage will be convened in parallel to the process establishing the NCQG and should inform its deliberations and conclusions. The NCQG must include loss and damage finance on equal terms with considerations for mitigation and adaptation finance, including in discourses about balanced provision and the quality of finance mobilized and provided, and informed by scientific and technical assessments of developing country needs.

Transparency arrangements to track process on fulfillment of a NCQB post-2025

The tracking process for a NCQB should follow the approach in the Paris Agreement for increasing ambition via the NDC process and the Global Stocktake by setting similarly 5-year cycles for reviewing and raising the ambition of mobilizing and providing finance by developed countries to developing countries. The Paris Agreement in Article 9.6 and Article 14.1 clearly establishes the link between finance provision and the Global Stocktake. This would then allow to either set a longer term finance goal (for potentially 10 years+), with intermediate progress targets in shorter intervals (to apply the lessons learned from the Copenhagen commitment which lacked such intermediate targets) or – also given the dynamic nature of the climate emergency and emerging scientific knowledge and methodological improvement and learning –to set only a medium term (5 year) goal. In both cases the transparency arrangements for tracking progress under the NCQB should be more frequent (such as for example aligning with the biennial climate flow and needs assessment reports by the SCF) and draw information and experience from the biennial submissions of developed countries' ex-ante and ex-post quantitative and qualitative climate finance reporting under Article 9.5 and Article 9.7 respectively. These arrangements must allow for maximum public transparency and information sharing and inclusive stakeholder participation, as of course the entire process for the establishment of the NCQG should guarantee.

[31] http://www.climate-loss-damage.eu/wp-content/uploads/2021/10/LD_NDC_PB.pdf.