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THE NCQG IN THE CONTEXT OF CONTRIBUTING TO ACCELERATING THE ACHIEVEMENT OF ARTICLE 2 OF THE PARIS AGREEMENT

***Making finance flows consistent with a pathway towards low
greenhouse gas emissions and climate-resilient development***

*First Technical Expert Dialogue – Ad Hoc Work Programme on the NCQG
March 24th, 2022 - Cape Town, South Africa*

Presentation overview

- State of play on making finance flows consistent with the Paris Agreement
- Paris-aligned finance flows in the context of the COVID-19 pandemic
- Considerations for the intergovernmental process

STATE OF PLAY

Paris Agreement – Article 2

2.a Temperature goal

2.b Adaptation goal

2.c Finance goal

Article 2, paragraph 1.c sets the collective goal to make finance flows consistent with low-greenhouse gas emissions and climate-resilient development.

STATE OF PLAY

Main themes on how to achieve the Paris Agreement goals

1. National governments need to develop and implement national climate goals, policies, and plans that the best available science indicates will achieve the goals in Articles 2.1a and 2.1b.
 - Investment and divestment needs
 - Domestic regulatory, institutional and policy frameworks
 - Green technologies and R&D
 - Rapid reduction of high-emitting activities
2. Operationalizing Article 2.1c is a complex, multidimensional process led by national governments and the international financial institutions they govern.
 - Countries' different roles as decision makers and shareholders
 - Operations of International Financial Institutions and multilateral climate funds
 - Financial industry (capital markets, project finance, asset owners & managers, insurance)

STATE OF PLAY

Operationalization of Article 2.1c have largely tracked with the intergovernmental processes under the UNFCCC

Article 2 has been interpreted by many stakeholders, beyond Parties to the Paris Agreement, as a call for action

Diversity of approaches to “alignment” efforts

Momentum ahead of COP26 to set net-zero targets, with different timelines and degrees of stringency

PARIS-ALIGNED FINANCE FLOWS IN THE CONTEXT OF THE COVID-19 PANDEMIC

The overlapping health, economic and climate crises have further exacerbated inequality and the needs of developing countries.

G7 and G20 work on sustainable and Paris-aligned finance

'Build Back Better' and 'green recovery' narratives are not supported by evidence from the rescue and stimulus packages.

Reckoning moment at COP26 of the impacts of a prolonged COVID-19 pandemic

Business as usual spending and investments threaten to derail efforts to reach the Paris goals.

Collective acknowledgement of the pressing timeline to keep the 1.5 temperature goal within reach

CONSIDERATIONS FOR THE INTERGOVERNMENTAL PROCESS

Existing mandates offer a blueprint to operationalize Art. 2.1c

- Specifics on processes and mechanisms are yet to be defined
- Deliberations on climate-consistency of finance & climate finance across negotiation tracks and constituted bodies

Submissions by Parties and Non-State Actors for the NCQG-WP identify:

- Linkages between climate action and financial support
- Potential role of NCQG in achieving the goals of the PA
- Need to enhance reporting arrangements to track progress

Ongoing finance deliberations should create synergies and avoid duplication of efforts

- Standing Committee on Finance (SCF)
- First Global Stocktake (GST)
- Global Goal on Adaptation (GGA)

CONSIDERATIONS FOR THE INTERGOVERNMENTAL PROCESS

In implementing the NCQG-WP:

- Shared understandings and a common vision on **climate finance** and **finance flows** that are consistent with the provisions of the Paris Agreement.
- Effective **mechanism to track and assess progress** on provision and mobilization of climate finance and alignment of finance flows.
- Equity and fairness for a **just systemic transformation**.

THANK YOU

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