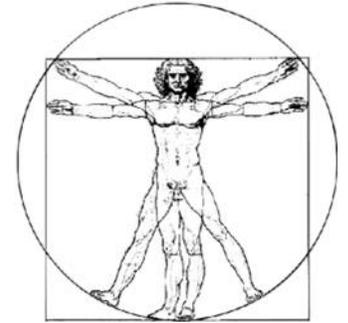


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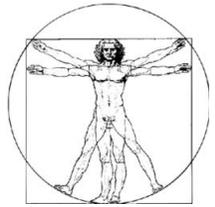
NEW COLLECTIVE QUANTIFIED GOAL ON CLIMATE FINANCE

ecbi 2022 Fellows

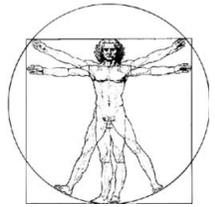
for sustained capacity building in support of international climate change negotiations
pour un renforcement durable des capacités en appui aux négociations internationales
sur les changements climatiques

Guiding question

What institutional mechanisms/ arrangements would be optimal for operationalising/administering the NCQG once it is finalized, considering experiences and lessons learned from existing financing arrangements?



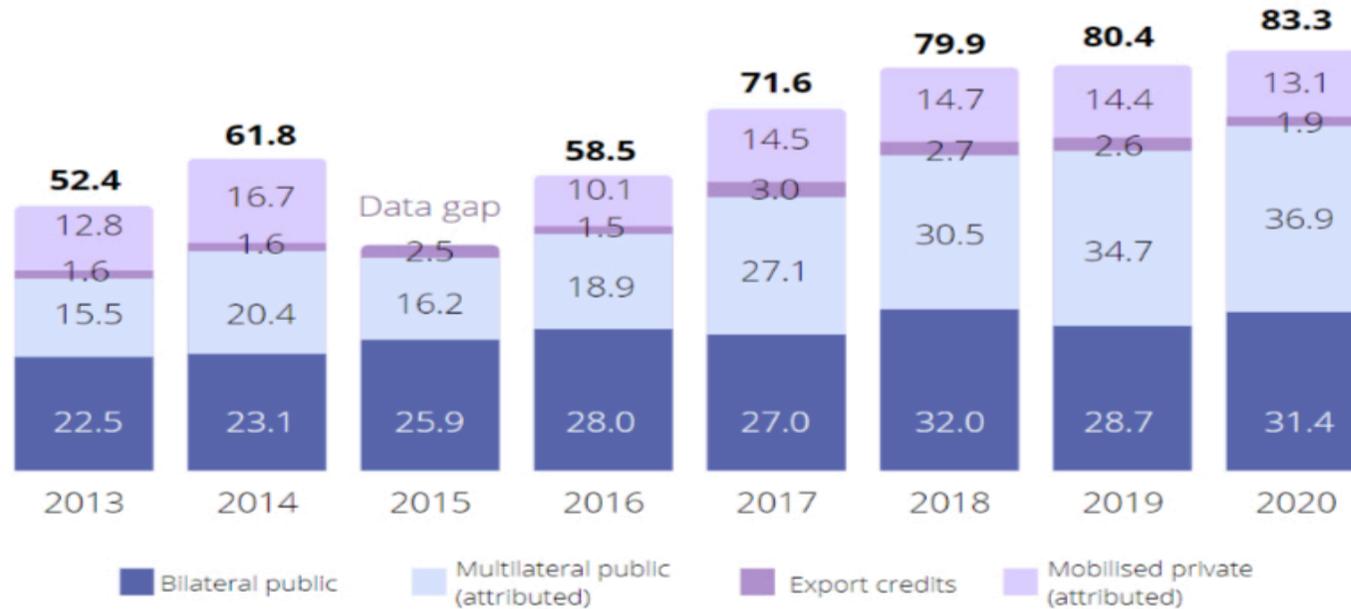
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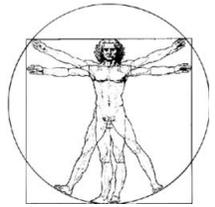
Context

Figure 1. Climate finance provided and mobilised in 2013-2020 (USD billion)



Note: The sum of components may not add up to totals due to rounding. The gap in time series in 2015 for mobilised private finance results from the implementation of enhanced measurement methods. As a result, grand totals in 2016-20 and in 2013-14 are not directly comparable.
Source: Based on Biennial Reports to the UNFCCC, OECD DAC and Export Credit Group statistics, complementary reporting to the OECD

Source: **OECD (2022)**. *Aggregate trends of climate finance provided and mobilised by developed countries in 2013-2020.*

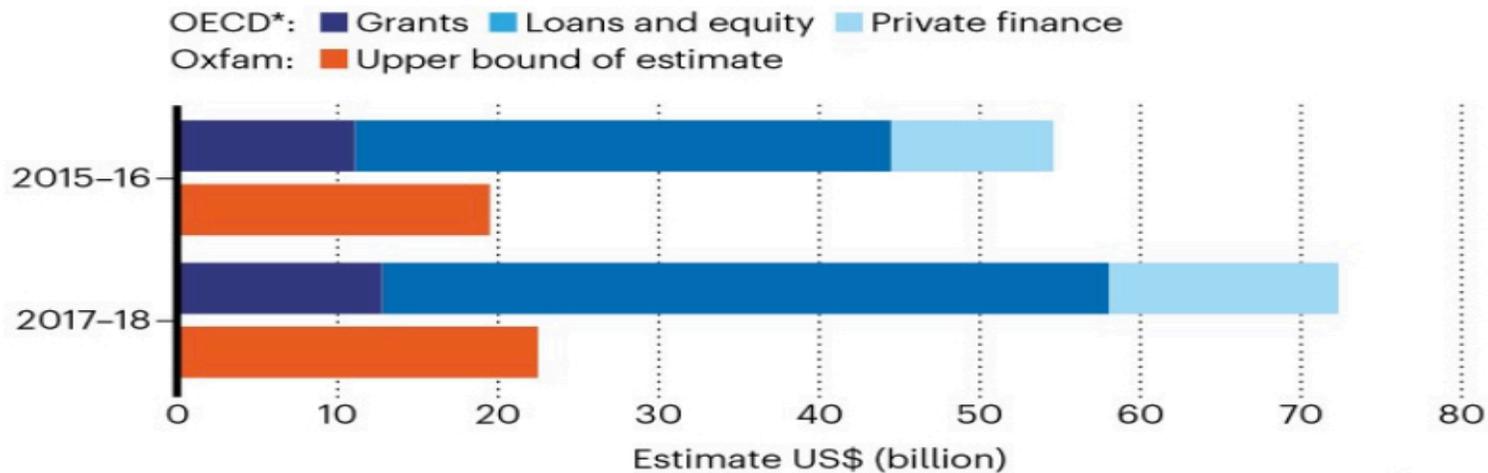


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Context

INFLATED FIGURES?

Charities such as Oxfam say that climate aid is worth much less than its face value, in part because a lot of it comes as loans, not grants.

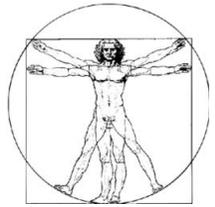


*Organisation for Economic Co-operation and Development

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Oxfam Climate Shadow Report 2020 indicated climate finance increased slightly from **\$15–19.5bn per year in 2015–16, to \$19–22.5bn per year in 2017–18.**

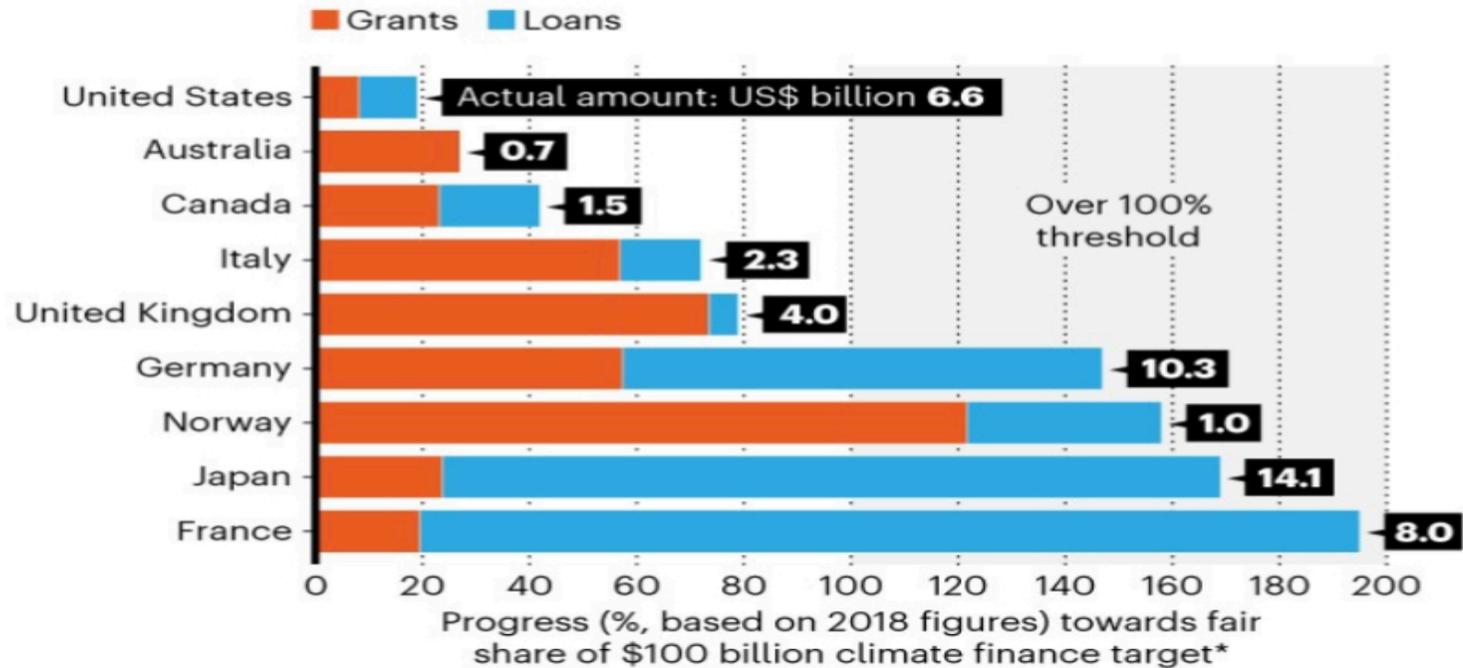
Context



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FAIR SHARE

The United States has not paid enough in climate finance to developing nations, considering the size of its economy. Japan and France have paid more than their fair share, but much of it in loans, not grants.

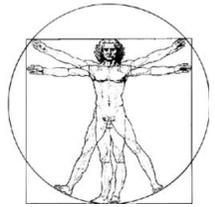


*Estimates include both bilateral and multilateral development bank financing, and incorporates European Union climate financing, apportioned to relevant nations

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Source: Bos, J. & Thwaites, J. *A Breakdown of Developed Countries' Public Climate Finance Contributions Towards the \$100 Billion Goal* (World Resources Institute, 2021).

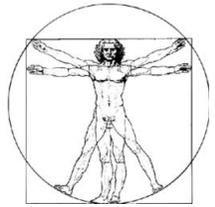
Lessons Learned



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To address this question, we need to recall two elements of the discussions around the new collective quantified goal:

- i) the lessons learned from the delivery of the USD 100 billion goal; and
- i) the process of setting the NCQG at COP 26.



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Definition/Scope

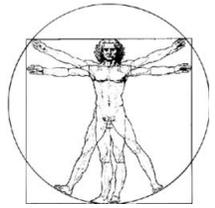
Clarification on what can counts as ‘climate finance’ towards the achievement of the NCQG:

- Definition of concessionality in relation to climate finance (*i.e. minimum floor for grant equivalence ratio*)
- Clarification on the status of reflows of principal and interest payments by recipient countries in accounting for ‘climate finance’
- Establishment of a public grant finance sub-goal for adaptation (*primarily focused on bilateral contributions from developed countries*)

Some of the Fellows’ Views on definition/scope of ‘climate finance’:

- Focused on grants especially in order to avoid increase in national indebtedness
- Focused on predictability and sustainability of climate finance flows and how to operationalize it

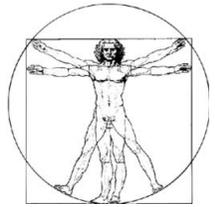
Transparency



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- Need for notification requirement of the delivery of climate finance to the UNFCCC National Focal Point of the recipient country
- Need for support for capacity building for developing country reporting of support received in order to verify what is received (i.e. importance of adequate resource mobilization CBIT)

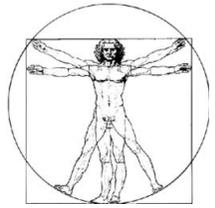
Accountability



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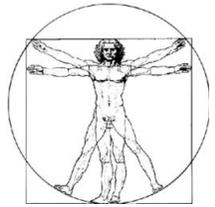
- NCQG must be subject to a periodic review (i.e. every 5 years) to ensure adequacy and progression beyond previous efforts.
- Progression should be assessed as part of each Global Stocktake (2028 onwards) in relation to its contribution to the acceleration of the collective achievement of the purpose and long-term goals of the Paris Agreement.

COP27 / CMA 4 Outcome(s) for the stocking agenda item



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- Clarification of a Topics Road Map for TEDs 5-12
- Focus of the Ministerial Roundtables on highly political topics



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NCQG TEDs Course Correction

It is crucial that the TEDs present the CMA with concrete options for institutional arrangements to track the fulfilment of the new finance goal. To achieve this, we need to adjust the current course of actions in the TED and the CMA at COP 27 to decide on a clear roadmap to the TED in 2023 and 2024.

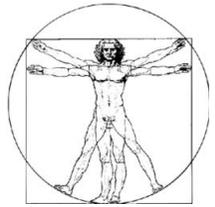
The outstanding TEDs could focus on the following topics:

Next Year (2023):

- Qualitative aspects of the new goal (e.g. debt stress relief, composition of climate finance, etc.)
- Stakeholders engagement
- Access and instruments

2024:

- Transparency arrangements to track progress
- Temporality of the goal
- Scope of the goal



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Proposed Calendar for TEDs 5-12

2023 – Lessons learned from the USD 100 bn goal

TED 5: Quality of the NCQG (*i.e., concessionality and debt stress, composition of climate finance, impact and effectiveness, etc.*)

TED 6: Stakeholders engagement (*i.e., developed countries' public finance; development financial institutions, private sector, etc.*)

TED 7: Access features and channels

TED 8: Instruments and sources

To occur before COP 28

2024 – Finalizing the Package

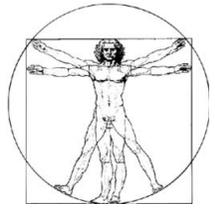
TED 9: Acceleration of the implementation of Article 2 of the Paris Agreement

TED 10: Transparency arrangements to track progress, and temporality

TED 11: Stocktake of technical dialogues 2022-2023, and scope

TED 12: Setting the NCQG

To occur before COP 29

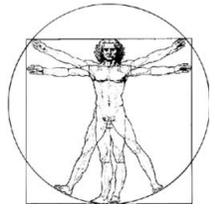


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Forward Looking Institutional Arrangement

- As for the institutional arrangements, tracking the delivery of the NCQG could be done under the **auspices of SCF or an ad hoc committee designed for it**, with clear mandate for:
 - a) producing annual follow-up reports;
 - b) producing reports on key aspects of climate finance; and
 - c) providing accuracy and transparency of underlying data (e.g. specificity of climate finance, grant equivalence, non-grant instruments, accountability of the mobilization of private finance through public interventions, etc).
- Any institutional arrangements must not replicate same structures from Long Term Finance or Article 9.5 programme **with for example the establishment of workshops, etc.**

Thank you!



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