ABU AILAC AOSIS

JOINT SUBMISSION

NEW COLLECTIVE QUANTIFIED GOAL ON CLIMATE FINANCE

10th June 2022

This joint submission reflects the main common positions on this matter for the groups of Argentina Brazil Uruguay (‘ABU’), Asociación Independiente de Latinoamérica y el Caribe (‘AILAC’) and the Alliance of Small Island States (‘AOSIS’). It should be noted that this Joint Submission is a synthesis of past submissions from each group respectively. Where there is any difference between the Joint Submission and the individual group submissions the individual group submission shall apply.

DEFINITION OF THE NCQG

The Ad Hoc Work Programme on the New Collective Quantified Goal on Climate Finance (‘NCQG’) has the mandate to conduct technical work that will provide the basis for the setting of this goal. The NCQG must have a clear quantum (i.e. quantified number/s) and be aligned with principles and goals of the United Nations Framework Convention on Climate Change (‘Convention’) and its Paris Agreement, in particular in contributing to accelerate the implementation of Article 2 of the Paris Agreement, including reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.

As per its mandates in Paragraph 53 of Decision 1/CP.21, Decision 14/CMA.1, and Decision 9/CMA.3, ABU, AILAC, and AOSIS are of the firm view of the following in relation to the NCQG, at a minimum:

(a) NCQG is a developed countries’ commitment for the provision of public funding and their leadership in mobilizing climate finance to developing countries;
(b) NCQG shall be predictable as well as new and additional to development finance, and humanitarian assistance;
(c) NCQG shall be set in the context of Articles 4 and 11 of the Convention, and Article 9 of the Paris Agreement;
(d) The quantum of the NCQG shall not be below USD 100 billion per year;
(e) NCQG shall take into account the needs and priorities of developing countries in the implementation of the Paris Agreement, in the context of sustainable development and poverty eradication;
(f) NCQG shall be legally binding, ambitious, quantified, trackable and science-based.
SCOPE OF THE NCQG

The NCQG must contain quantitative and qualitative elements that are comprehensive and multidimensional.

On the quantitative side of the goal, it is fundamental to start from the necessity to limit the temperature increase to 1.5°C above pre-industrial levels. The NCQG must be science-based. The best available science points out that a transition towards 1.5°C actually requires figures around trillions of USD needed by developing countries to address climate change.

The definition of the quantum should be done through the use of different inputs, including bottom-up information (for e.g. national quantification of needs for the implementation of Nationally Determined Contributions as well as other national Convention/Paris Agreement reports, Long-term Low Greenhouse Gas Emission Development Strategies, National Adaptation Plan, National Adaptation Programme of Actions, Adaptation Communications, etc.) and top-down reports and inputs (for e.g. Intergovernmental Panel on Climate Change reports including its Special Report on 1.5°C and its Sixth Assessment Report, Standing Committee on Finance’s Needs Determination Report and Biennial Assessments of Global Climate Finance Flows, United Nations Secretary General and Oxfam Reports on the USD 100 billion goal, Climate Policy Initiative’s Landscape of Climate Finance), United Nations Environment Programme Emissions Gap Reports and Adaptation Gap Reports, International Renewable Energy Agency’s Report, Organization for Economic Co-operation and Development Reports, Multilateral Development Banks Joint Reports, etc.). It should be noted that all of these reports are built from different methodological perspectives and assumptions.

On the qualitative side of the goal, it should, at least:

(a) establish a set of principles that will govern the new goal;
(b) address the composition gap of climate finance (for e.g. adaptation finance represents only 20-25% of total climate finance while there is no data available for loss and damage finance);
(c) ensure that sources and instruments for the provision and mobilization of climate finance have a strong focus on public, grant-based and concessional resources, especially considering the need for public and grant-based resources for adaptation, and loss and damage response as well as avoid exacerbating the levels of indebtedness of developing countries;
(d) ensure the use of innovative public instruments (including debt swaps, payment for environmental services, blended finance, guarantees, etc.) as a complement to public finance;
(e) enhance access to climate finance in order to improve the scale of funding, reduce processing time for project development, project approval, and disbursement of funds, simplification of bureaucratic procedures and learning curves in reference to both UNFCCC climate funds and other sources of climate finance;
(f) substantially improve mobilization towards the developing world; and
(g) help accelerate climate action, and the development and deployment of low-emission, climate-resilient technologies required to achieve the Paris Agreement’s goals.

The NCQG must have an indicative timeframe but the goal itself is iterative and should be adjusted as a result of regular periodic reviews.

THEMATIC AREAS OF THE NCQG

ABU, AILAC and AOSIS are of the view that structuring the NCQG in key thematic areas (sub-goals) of climate action is a good way forward to a results-based goal. These areas shall cover, at the bare minimum, the needs and priorities of developing countries for:

(a) Mitigation,
(b) Adaptation, and
(c) Loss and damage response

Additional areas of work that can also become sub-goals relate to technological development and transfer, capacity building, and transparency (i.e. related to Article 13).

ACCOUNTABILITY ARRANGEMENTS OF THE NCQG

The new goal must be subject to a periodic review every 5 years to ensure its adequacy based on best available science as well as the mobilization of climate finance represents a progression beyond previous effort.

Furthermore, progress in the delivery of the new goal should also be assessed as part of each Global Stocktake (from 2028 onwards), around the collective achievement of the purpose and long-term goals of the Paris Agreement, as well as opportunities for enhanced action and support, as envisaged in Article 14 of the Agreement and Decisions 1/CP.21 and 19/CMA.1, and on the basis of the best available science, in particular from the IPCC.

Estimates of climate finance in the last decade have suffered from data and methodologies challenges that must be overcome through a solid transparency reporting system on the accomplishment of the new goal, so as to have a common understanding of the key aspects of climate finance and to provide with greater accuracy, harmonization and transparency of the underlying data, including for climate specificity of climate finance, grant equivalence of non-grant instruments, as well as accountability of the mobilization of private finance through public interventions.

This transparency system for the new goal should be connected to the Enhanced Transparency Framework of the Paris Agreement. Provided that the ETF only covers information from national governments, it will be desirable for it to be complemented with information that aligns with the frame of the NCQG from other stakeholders and sources.

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1 SCF (2020) refers to more than 75% of 2019/2020 tracked climate investments flowed domestically with 76% of global flows dominated in Western Europe, US and Canada and East Asia and the Pacific.
We call for a solid, transparent annual assessment by the SCF on progress on the NCQG so as to provide recommendations on its periodic update.