

Submission of Bangladesh on the New Collective Quantified Goal (NCQG) on Climate Finance

Bangladesh is pleased to make a submission on setting a New Collective Quantified Goal (NCQG) on climate finance and present its views on the objective (paragraph 15) and elements (paragraph 16) of the NCQG in accordance with the invitation in paragraph 17 of Decision 9/CMA.3. Bangladesh looks forward to constructive, collaborative and detailed exchanges that are open, inclusive and transparent.

Scope of Work

Deliberations on the NCQG should focus on:

- (i) Defining a goal in the form of a quantified figure in line with article 9.4 of PA;
- (ii) NCQG should be a specific commitment of the developed countries for mobilizing climate finance to the developing countries based on the needs and priorities of developing countries while being science-based; and particularly address the priorities and needs of the vulnerable countries;
- (iii) Deliberations on the NCQG should consider the 1.5° Celsius target and the Global Goal on Adaptation.
- (iv) Recognizing that it is critical to have a balance between support for adaptation and mitigation;
- (v) Ensuring a separate window for Loss and Damage (L&D);
- (vi) Importance and significance of grant-based public finance for adaptation and L&D;
- (vii) Ensuring that improved access features are embedded in the new goal, particularly on adaptation to track its achievement and compliance.

Bangladesh views that all core elements of the NCQG are important, including the needs and priorities of countries, the definition of climate finance, the sources of climate finance, the role of climate finance actors, and access to climate finance.

Scope and Structure of the NCQG

Estimation of Needed Support

It is fundamental to understand present needs and priorities and determine how these can be quantified to inform NCQG deliberations. Support is needed to conduct needs assessments and estimations, particularly for countries with the most limited financial and technical resources. Most vulnerable countries, especially LDCs and SIDS, including Bangladesh, need support for improving domestic methodologies to identify and estimate country needs, especially for adaptation and L&D.

Provisions of adequate financial resources for implementing the NAPs and the NDCs of the most vulnerable countries like Bangladesh are essential for quantifying the climate finance goal.

Target on Thematic Areas

The NCQG should have differentiated allocations between the types of climate action, such as adaptation, mitigation, and L&D. Defined ways of allocation should correct the disproportionate level of financial support for mitigation efforts over adaptation in recent years. Different reports illustrate that the provision of finance is far from meeting a 50:50 balanced allocation.

- According to the OECD, mitigation received most of the finance — 70% of the total provided in 2018 to developing countries overall, while adaptation finance amounted to only 21%.
- The CPI's Global Landscape on Climate Finance report shows that in 2019/2020 only 7.28% of climate finance was allocated for adaptation, in contrast to 90.35% for mitigation.
- The climate finance shadow report, 2020 of Oxfam also reported similar scenario of climate finance.

So far, there is no financial target for supporting measures for addressing loss and damage. The NCQG should consider financing on actions addressing L&D.

Considerations about Quality of the Goal

Instruments

The use of loans is much higher in the context of the US\$100 billion goal. According to OECD figures, from 2016 to 2020, loans accounted for around 70% of all climate finance provided to LDCs. These loans were granted for mitigation as well as adaptation, which largely supports activities that do not generate revenue. NCQG deliberations will need to address concerns that climate finance does not lead to the increased debt burden of the world's poorest countries. The use of loans and their level of concessionality requires careful examination. This is very important for the climate vulnerable countries. Bangladesh would like to stress the critical role of grant-based adequate finance for adaptation, and it must come from public sources.

Recent trends also show that increasingly, development aid is provided as climate finance, because adaptation and development projects are often difficult to differentiate.

Against this, overall ODA globally is going down. This is double injustice to the most vulnerable developing countries. So, ODA also must go up. In this context, Bangladesh proposes that climate finance from all sources may be mobilised in a separate pot so that parties can track and at the implementation level in a country, climate finance and ODA can be mixed, depending on the nature of the projects. This way, parties can track both climate finance and ODA more realistically.

Transparency Aspects

Deliberations on the NCQG should acknowledge and address the difficulties occurring from the variety of definitions of climate finance and the several existing methodologies for tracking climate finance flows. Tracking climate finance delivery is very difficult without a clear understanding of what counts as climate finance. As part of deliberations, it will be important to agree on a shared understanding of what qualifies as climate finance in the context of the NCQG and how to count it. This will involve harmonising the different operational definitions of climate finance currently in use. Greater clarity on what counts as climate finance as well as common understanding of “climate- specificity” and the “additionality” including the common understanding of “new” principles are very crucial.

It is important to ensure that the NCQG remains consistent with existing provisions for climate finance such as Article 9.3 of the Paris Agreement and Article 4.3 of the UNFCCC, demonstrating that sources of finance show progression beyond previous efforts and new and additional to ODA.

Access Features

Alongside increased flows of finance, it is crucially needed to improve access to climate finance. Current mechanisms for accessing climate finance are often slow, complex, resource intensive and uncertain. NCQG deliberations should also address how the NCQG process can promote enhanced, streamlined and simplified access, particularly for the most vulnerable and capacity-constrained countries.

Expectations from the Deliberations

- (i) Should define a quantified goal consistent with Article 9.3 and 9.4 of Paris Agreement based on the needs and priorities of developing countries, particularly addressing the priorities and needs of the vulnerable countries;
- (ii) Have a balance between support for adaptation and mitigation and a separate window for L&D recognizing the needs of grant-based public finance for adaptation and L&D;
- (iii) Should ensure enhanced, streamlined and simplified access, particularly for the most vulnerable and capacity-constrained countries.