## CGIAR's submission of its views on the ninth technical expert dialogue (TED) on the New Collective Quantified Goal (NCQG) on Climate Finance

CGIAR welcomes the outcomes from COP28 regarding Decision 8/CMA.5 on the New Collective Quantified Goal on Climate Finance and extends its support to the facilitation of science-based evidence to aspects in supporting the definition of the goal, including the structure, timeframe, scope, sources of funding in respect to food, land, and water systems.

**Key Messages and Recommendations**

1. The climate financing strategy should be flexible, responsive, and innovative, addressing both climate-specific challenges and broader sustainable development objectives.
2. It is important to consider equity between mitigation (low emissions) and adaptation, guaranteeing an increase in current levels of finance, including for food security and the food sector between at least USD 300-400 billion per year with a consideration of an increase or adjustment based on the progress made in the global stocktake.
3. As much as possible and as soon as made available, the goal should assess the trends in the development of the 2nd generation NDCs as a consideration for understanding needs and costs from Developing country Parties, to align the goal with the updated low emissions and Climate resilient development needs.
4. CGIAR supports that the establishment of explicit standards for how developed nations share responsibilities should be considered in the discussions. This approach would facilitate predictability, transparency, and accountability.
5. It is important to establish regular tracking processes and making data and information on climate finance provided and mobilized more transparent, including reconciling methodological approaches to avoid double counting, including by developing a common definition of climate finance, before setting the goal to enable effective tracking of financial flows.

### CGIAR Considerations on the NCQG

**Quantum**

Following review of various assessments of the needs to implement article 2.1c of the Paris agreement, and based on the current state of NDCs and NAPs, CGIAR concurs with the assessed needs from the NDR report of the SCF accounting for overall needs of up to USD 5.9 trillion up to 2030. However, attention must be given to the higher proportion of uncosted needs, which will generate a large increase of this figure with improved costing in the 2nd generation NDCs as well as in NAPs. Various reports including by CPI, UNEP, UNFSS, and the SCF show that the needs including those which can be costed within NDCs and NAPs are significantly higher than the climate finance flows currently available, with an urgent need to meet at minimum these costed requirements.

- It is therefore important to consider equity between mitigation (low emissions) and adaptation, guaranteeing an increase in current levels of finance, including for food security and the food sector between at least USD 300-400 billion per year with a consideration of an increase or adjustment based on the progress made in the global stocktake.

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**Structure**

Parties' submissions have emphasized the critical importance of structuring the NCQG, with many highlighting diverse options and insights crucial for decision making. CGIAR requests due consideration be given to all concerns raised by parties' especially on defining climate finance as it provides clarity and transparency about the objectives, scope, and targets of the goal. Moreover, it aligns with the principle of equity, common but differentiated responsibilities, respective capabilities and national circumstances enshrined in the legal framework of the United Nations Framework Convention on Climate Change (UNFCCC).

- CGIAR supports that the establishment of explicit standards for how developed nations share responsibilities should be considered in the discussions. This approach would facilitate predictability, transparency, and accountability.

**Timeframe**

The timeframe of the NCQG requires careful consideration to ensure effectiveness, accountability, and alignment with the long-term goals of the Paris Agreement.

- CGIAR proposes a model that combines both short-term and long-term perspectives. For instance, establishing a 10-year time frame composed of five-year operational periods, with a comprehensive review process between these periods, offers a balanced approach. Such a model would allow for adjustments based on evolving scientific evidence, technological advancements, GST progress, and changing developing country circumstances.
- Embedding a continuous review mechanism for the NCQG can also ensure ongoing accountability and adaptation to emerging challenges.
- Considerations should also be made in relation to alignment to the GST cycle to support adjustment of the goal to achieve the Paris agreement and the Global Goal on Adaptation.

**Sources of finance**

CGIAR, as a critical stakeholder in the global effort to address climate change and ensure food security within sustainable agriculture, agro-forestry, water and land use, advocates for sources of finance that align with the principles discussed in FCCC/PA/CMA/2023/INF.1. par.18 "that financial sources under the NCQG must be just, sufficient, predictable, affordable and new and additional, without further exacerbating levels of indebtedness in developing countries."

- An increase in the overall climate finance is imperative, with developed nations being urged to at least double their combined climate finance contributions for adaptation by 2025, benchmarked against 2019 levels, in line with the aspirations of the Glasgow Climate Pact. A notable increase in concessional finance to support the most vulnerable communities through grants and concessional loans is essential. This is aimed at enabling countries to achieve their Paris Agreement objectives without worsening the debt situation. A re-evaluation of the prudential norms applied to Multilateral Development Banks (MDBs), such as modifying the stringent capital adequacy requirements, could unlock considerable additional developmental finance.
- The mobilization of private finance is essential, with alignment in the methodologies for accessing funds from International Financial Institutions (IFIs) and MDBs anticipated to enhance public climate finance availability. This in turn would facilitate the leveraging of private sector investments. The use of innovative blended finance instruments like guarantees, securitization, and insurance is advocated to mitigate investment risks and catalyze substantial private finance. Regulation, policy, and strategic public expenditure should be oriented towards encouraging private investments in public policy priorities.
- Philanthropic capital can offer first-loss capital to spur further investments, exemplified by initiatives like the Gates Foundation's support for farmers and CGIAR gene bank in Colombia, backed by the Bezos Earth Fund, which aim to bolster agricultural resilience and conserve biodiversity.

- Domestic institutional investors can act as conduits for local, and community-driven climate action. Entities such as pension schemes, sovereign wealth funds, and state-owned banks are encouraged to devise financial tools that reduce investment risks through mechanisms like guarantees, long-term capital, and first-loss coverage, thereby rendering climate-related initiatives more appealing to a wider array of investors. Furthermore, these institutions should be facilitated in directly accessing climate funds to foster greater national engagement in projects financed by multilateral climate funds. The adoption of green bonds and loans should be in alignment with the Climate Bonds Standard and Certification Scheme, with an advocacy towards regulatory environments that support climate investments.
- A strategic shift in environmentally detrimental subsidies towards climate-positive initiatives is recommended. Policymakers are encouraged to support sweeping subsidy reforms that consider the wider economic, social, and environmental ramifications. This entails transitioning from subsidies that contribute negatively to climate change to those that support climate resilient development.
- The reallocation of Special Drawing Rights (SDRs) towards funding climate action in developing nations is proposed to significantly enhance climate finance[1]. Utilizing unused SDRs from affluent countries to generate new development finance could potentially create up to US$1 trillion for the provision of support for a climate resilient and food secure development, including the provision of global public goods.

**Transparency arrangements**

- Transparency arrangements for the NCQG should contribute to global assessments of progress towards climate finance sub goals. This involves providing comprehensive and reliable data on financial flows, the effectiveness, and gaps in financing, which can inform decision-making and adjustments to the goal.
- It is important to establish regular tracking processes and making data and information on climate finance provided and mobilized more transparent, including reconciling methodological approaches to avoid double counting, including by developing a common definition of climate finance, before setting the goal to enable effective tracking of financial flows.
- Modalities, procedures, and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement present valuable insights and best practices that can inform the development of transparency arrangements for the NCQG.
- The Enhanced Transparency Framework (ETF) under the Paris Agreement should play a crucial role in the transparency arrangements for the NCQG by establishing common reporting standards, increasing transparency, supporting capacity building, facilitating review and assessment processes, and aligning with global goals and objectives.

**Conclusion**

- In conclusion, CGIAR as the largest public sector funded organisation in food and agriculture, presents to Parties for this 9th TED, a comprehensive recommendation informed by its vast experience and deep understanding of the complexities of climate change, especially in developing nations. This recommendation advocates for an integrated approach that combines adaptation and mitigation, underpinned by sector-specific and regional analyses, to craft tailored responses to climate change for the agriculture and food sector. Central to this is the enhancement of project bankability through substantial concessional finance, aiming to catalyse private sector engagement. CGIAR's expertise in devising and informing actionable investment plans across agriculture, forestry, land, and water use sectors underscores this submission.

For more information, please contact Dr. Aditi Mukherji on climate@cgiar.org and a.mukherji@cgiar.org



[1] FCCC/PA/CMA/2023/L.10