NCQG – Quality, Structure, Contributes and Transparency

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NCQG submission for TED10 and the second meeting of the Ad Hoc Work Programme

Thank for the opportunity to submit some ideas for the above discussions. The points below summarise some key conclusions from our recent research and analysis.

Quantity and Structure

Multiple sources of evidence suggest that the scale of climate finance needs to be significantly higher than at present (see How Much Climate Finance: An Inconvenient Truth, 28/11/23). While private finance will need to be harnessed and should be encouraged, public finance should remain at the heart of the NCQG.

But to minimise the risk that any new goal simply diverts resources from existing ODA commitments or results in 'greenwashing', the NCQG should consider both climate and wider development spend together (see COP28 Should Set a Combined Climate and Development Finance Goal for People and Planet, 27/11/23). Whether this can or should be combined into a single goal will depend partly on whether or not the contributor base is expanded, but the key underlying principle is that the NCQG should be defined in a way that ensures additionality.

Contributors

We fully recognise the principle of common but differentiated responsibility and that the burden to provide both climate and loss and damage finance should lie primarily with developed countries. But even on the basis of CBDR, analysis of historical emissions and current per capita income suggests there is a strong case for non-traditional donors providing around 20-30 percent of any total. This finding is robust to a variety of different measures of historical emissions, cut-off dates, and income (see Who Should Pay? Climate Finance Fair Shares, 1/11/23). Even if assigning individual shares is not feasible, Parties are encouraged to find ways of acknowledging that there is a collective responsibility and that non-traditional donors have a contribution to make.

Reporting and Transparency

Comparative analysis of current contributions is however hampered by ambiguity about what counts as climate finance, and a lack of consistency in the ways in which providers score and report their climate finance. If a separate climate finance goal is retained, then greater clarity on definitions, and greater transparency in reporting, are essential. We recommend establishing an external body that audits a sample of reported climate finance figures from each provider (with the total volume of each provider's reported climate finance then discounted by whatever percentage of the sample is judged to be ineligible) in order to create incentives for more accurate reporting.

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