WWF Submission to the Ad-hoc Work Programme on New Collective Quantified Goal

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In response to the call coming from Decision 1/CP.21 as well as the decision on a New Collective Quantified Goal taken during COP 26 of UNFCCC, WWF is pleased to submit the inputs below to the Ad Hoc Work Programme on a New Collective Quantified Goal. This submission presents some of the key issues and reflections we believe parties should consider in the discussion and design of the goal.

Key points:

- **The New Collective Finance Goal should be a tool to achieve global climate neutrality and take into account the needs of developing countries.**
- **Developed country parties should take a lead on it, based on their obligations, but other parties with high responsibility and capability should also contribute, taking into account different national circumstances.**
- **The new goal should aim to cover all areas - mitigation, adaptation, loss and damage, as well as shifting financial flows as per article 2.1c of the Paris Agreement.**
- **The existing Ad-hoc Working Group should create a structure for the goal, but the scale of funding might be adjusted periodically, e.g. in connection with the Global Stocktake.**

I – Background and context

The discussion of the post-2025 collective finance goal is perhaps the most important opportunity to collectively strengthen the multilateral climate regime and accelerate global climate action to meet the objectives of the Paris Agreement and to limit climate disruptions to manageable levels. No governance regime can be effective if it fails to mobilise the necessary public and private financial resources, and the global climate regime under the UNFCCC and the Paris Agreement is no exception. The ability of the global community to commit to sufficiently scaled up funding, and create the confidence that the commitments will be met, will be key to the success or failure to close the mitigation and adaptation gaps, as well as to limit and adequately respond to loss and damage associated with the adverse effects of climate change.

The basis for creating a new goal comes from Decision 1/CP.21, agreed in Paris:

> *"53. Also decides that, in accordance with Article 9, paragraph 3, of the Agreement, developed countries intend to continue their existing collective mobilization goal through 2025 in the context of meaningful mitigation actions and transparency on implementation; prior to 2025 the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement shall set a new collective quantified goal from a floor of*

USD 100 billion per year, taking into account the needs and priorities of developing countries;"

The starting point for this discussion must be the needs of developing countries, building on the principles and provisions of the UNFCCC and the Paris Agreement, and taking into account evolving national and international circumstances. Additionally, the discussion should recognize that:

- **Climate change is a global problem which requires a global solution.** No single country, even the wealthiest, can tackle that problem alone, and the poorest and most vulnerable countries require support to bolster their local actions.
- It's now even more about solidarity than simple national interests, as climate change impacts keep escalating at all levels.
- **This posits a sort of multilateral prisoner's dilemma**, which we will only win if we all act together. Otherwise we will all eventually lose.

To cope with the global challenge posed by climate change there is a need for greatly increased international investment and climate finance flows - both public and private - on a global scale. This finance must be easily accessible to all countries, especially LDCs and SIDS, through direct access modalities where possible.

II – Reflections

1. Equity and CBDR

Paris Agreement paragraph 2.2: *This Agreement will be implemented to reflect equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.*

The discussion of the post-2025 finance goal, and the contributions of individual countries and other parties towards achieving that goal, must be guided by the principle of CBDR, and informed by national circumstances as they evolve over time. This principle posits two elements that can be informed by empirical data: responsibility and capability. These two factors should be the pillars of decisions about who pays, how much, and under what conditions or modalities.

Potential indicators to measure responsibility:

We could consider several indicators for measuring the responsibility of a given country.

- Cumulative emissions from a base year.
  This indicator might pose several problems with attribution of emissions, which might be in question, especially with countries that have recently gained independence or countries whose borders might have changed during the period. The issue (and choice of a base year) would therefore be highly political, but still can give an indication of responsibility.
  However, after tackling this problem, this is a good indication of a specific country's total responsibility and share in climate change (especially since the 2021 IPCC AR6 WG1 report shows a linear relationship between GHG emissions and temperature rise).
- Cumulative emissions per capita from a base year.
- Current and projected future emissions.

Potential indicators to measure capability:

- GDP

- GDP/capita
- GDP/capita by PPP

One tool available to measure equity and responsibility is the Climate Equity Reference Calculator, developed by EcoEquity and the Stockholm Environment Institute. WWF recommends that this or other similar tools be used as an input to the design of the goal, as well as in determining contributions of individual parties towards meeting the goal.

2. Range of contributors

To meet the growing demand for financial resources, it will be important to expand the range of parties contributing finance under the UNFCCC and Paris Agreement, in accordance with their principles and provisions. The identification of contributors should build on, but not be limited to, the annexes of the 1992 Climate Convention, in the light of different national circumstances as they change over time.

- The Parties included in Annex 2 of the UNFCCC and other parties with comparable financial capability and responsibility should have primary obligations to contribute finance;
- Parties with with greater financial capability should also contribute in accordance with their capability
- Parties with high responsibility should also contribute their utmost, depending on capability;
- Voluntary contributions will be welcome from all countries who are willing to contribute, independent of their responsibility and capability.

3. Considerations for scale of new collective goal

It will be useful for Parties to build a common understanding that should inform the scale of financing and on how the finance will be counted before engaging on actual numbers.

- The Paris decision determined that the new collective goal should be an increase from the current $100 billion per year goal, but given the loopholes and accounting flexibility permitted in the current accounting done by the OECD, this is not a firm floor.
- The needs of developing countries must also be a primary consideration, while recognizing that not all needs must be met by international climate finance, as the Convention makes clear.
- Even with insufficient international finance to meet all needs some action must continue to be taken by all Parties.

4. Format of a new financial goal

There are several options for the format or structure of a new collective goal that can be considered:

- Option 1. One overarching number from all the contributors.
- Option 2. Indicative numbers for support from developed countries, south-south cooperation and internal investments in specific developing countries.
- Option 3. Indicative numbers for each of the pillars of the new goal, ie. mitigation, adaptation and loss and damage, with technology transfer and capacity building being treated as a cross-cutting problem.

- Option 4. Firm/binding goals from developed countries and others with similarly high levels of capability and responsibility, and indicative levels of funding for south-south cooperation and internal investments.

5. Components of new financial goal:

The new goal should contain separate sub-goals for the following items:

Mitigation

- Mitigation is one of the cornerstones of financing climate. Without proper mitigation finance we cannot hope to keep global warming below 1.5°C.
- Internal climate financing in low capability parties could be considered as part of fulfilling their obligation towards the new global goal.

Adaptation

- Adaptation is another cornerstone of climate finance and the need for resources has been increasing the more we delay action and finance on mitigation.
- Internal adaptation financing in low capability countries could be considered as part of fulfilling their obligation towards the new global goal (based on criteria from Article 4 of the Convention).
- Least Developed Countries should be priority or at least a percentage of total adaptation financing should be allocated to them. (The specific amount can be a part of the overall structure of the New Collective Climate Goal)
- Adaptation should be financed at least as much as mitigation (50% of the resources).

Loss and Damage

- Loss and damage should be taken into account by the new goal, in the form of a support mechanism,
- Loss and damage finance support is needed first and firstmost for developing countries, but might eventually be important for all parties, since in certain circumstances, the most vulnerable and poorest communities in developed countries could need additional support beyond that available through domestic financing channels.

Overall financial flows and article 2.1c

- In Article 2.1c of the Paris Agreement Parties have agreed to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
- As part of the current Ad Hoc Work Program,Parties could also agree to a quantified goal related to this article, and establish a timeline and metrics for aligning all financial flows with the goals.

6. Timeframe

A post 2025 goal - or specific goals - should be set up in a specific timeframe (e.g. 2026-2030). Afterwards, depending on the changing circumstances, it might be adjusted, e.g. every five years in connection with Global Stocktake. However, in such a case, the new goal for post-2030 etc. need not be negotiated from the ground up - rather it can be based on the set of rules and structure that will be developed during the existing Ad-hoc Work Programme on a New Collective Quantified Goal, adjusting only scale(s) as necessary, and revisiting other elements less frequently.

7. Transparency

The Paris Agreement Transparency framework, as defined in article 13 and developed in subsequent COP decisions should form the basis for the transparency of finance both delivered and received. All “highly capable” countries should report on their climate support delivered and all others, especially “medium capable” countries, should be encouraged to do so.

There is a room however to create a format for parties to report their internal climate investments and policies to disclose the real size of climate finance flows.

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Annex

Relevant provisions from the Convention, the Paris Agreement and CMA decisions

Article 4 of the Convention

"Art. 4.3. The developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1. They shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by paragraph 1 of this Article and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with that Article. The implementation of these commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties.

Art. 4.4. The developed country Parties and other developed Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.

Art. 4.5. The developed country Parties and other developed Parties included in Annex II shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention. In this process, the developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties. Other Parties and organizations in a position to do so may also assist in facilitating the transfer of such technologies."

Article 9 of the Paris Agreement

"Article 9 1. Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention.

Art. 9.2. Other Parties are encouraged to provide or continue to provide such support voluntarily.

Art. 9.3. As part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts.

Art 9.4. The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation."

The mandate for the current call for submissions comes from FCCC/PA/CMA/ 2021/L.17, and this submission should address specifically the issues set out in para 15 below:

15. Decides that the new collective quantified goal aims at contributing to accelerating the achievement of Article 2 of the Paris Agreement of holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development;

16. Also decides that the consideration of the new collective quantified goal will be in line with decision 14/CMA.1 and take into account the needs and priorities of developing countries and include, inter alia, quantity, quality, scope and access features, as well as sources of funding, of the goal and transparency arrangements to track progress towards achievement of the goal, without prejudice to other elements that will also be considered as the deliberations evolve and taking into consideration the submissions referred to in paragraphs 17–18 below;

17. Invites Parties, constituted bodies under the Convention and the Paris Agreement, the operating entities of the Financial Mechanism, climate finance institutions, observers and observer organizations, and other stakeholders, particularly from the private sector, to submit their views on the objective in line with paragraph 15 above and on the elements referred to in paragraph 16 above via the submission portal1 by February and August 2022;

Relevant references:

CFAS Policy Brief: Options for the post-2025 climate finance goal.
http://prc.org.np/assets/uploads/resource/934d5fc4df7d40d45c822d62b1e0a554.pdf

Where Do We Go from the $100 Billion Goal? Procedural Options to Enhance Climate Finance Ambition at COP26.
https://www.wri.org/insights/where-do-we-go-100-billion-goal-procedural-options-enhance-climate-finance-ambition-cop26
https://www.c2es.org/wp-content/uploads/2021/06/Climate-Finance-Issues-for-COP26.pdf
https://www.oecd.org/env/climate-finance-provided-and-mobilised-by-developed-countries-aggregate-trends-updated-with-2019-data-03590fb7-en.htm
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https://www.oecd.org/newsroom/statement-by-the-oecd-secretary-general-on-future-levels-of-climate-finance.htm
https://unfccc.int/NCQG#eq-1