

Briefing · November 2024

Expanding the contributor base: a solution for all climate finance woes?

Key points:

- Countries are set to prepare a new collective quantified goal for climate financing at the climate conference, or COP, in November 2024. This new goal offers an important opportunity to improve the way that climate finance is provided and increase the goal.
- According to the OECD, developed countries finally met their objective of providing USD 100 billion in climate finance in 2022. However, this goal was not met on time, and the finance provided up until now has frequently been through instruments that are not necessarily adapted to developing countries' needs.
- Needs estimates show that developing countries will need at least USD 1 trillion per year to tackle climate change, illustrating the urgent need for increased financing.
- To fill this gap, some countries and experts have suggested expanding the contributor base to include certain emerging countries.
- While there is some justification for certain countries to join the ranks of contributors, most of these countries already contribute voluntarily in line with Article 9.2 of the Paris Agreement. These voluntary contributions are an important source of climate finance for developing countries.
- Our estimates of a potential addition of more countries to the contributor base show that the current financing gap wouldn't be significantly reduced even if countries voluntarily providing climate finance were to increase their contributions to the current level of developed countries.
- Efforts to add new mandatory contributors require a broader discussion on the categorisation of countries under the UNFCCC and the Paris Agreement.

Current financing structures found lacking

Climate change mitigation, adaptation, and loss and damage are and will continue to be expensive, particularly for countries with fewer resources at their disposal. The principle of "Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC)" was enshrined under the 1992 United Nations Framework Convention on Climate Change (UNFCCC) to account for the different historical contributions to climate change and countries' abilities to support climate action.¹ Developed countries, listed in Annex II of the Convention, were given responsibility for taking significant steps to mitigate climate change

¹ Climate Nexus, 'Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC)', 23 March 2017, <https://climatenexus.org/climate-change-news/common-but-differentiated-responsibilities-and-respective-capabilities-cbdr-rc/>.

and to contribute to funding mitigation and adaptation efforts by developing countries (non-Annex countries).²

A first effort to this end was a goal of providing USD 100 billion per year of climate finance for developing countries by 2020 was set for in the nonbinding Copenhagen Accord in 2009.³ This target was only met for the first time in 2022, although the USD 115.9 billion mobilised did represent nearly a 30% increase compared to 2021.⁴

There is now an opportunity to reinvigorate global climate financing structures and accountability. According to the Paris Agreement, countries should agree to a new collective quantified goal (NCQG) for financial support for developing countries to mitigate and adapt to climate change before 2025.⁵ This is a key task for COP29 in Azerbaijan in November 2024. This new goal is meant to be needs-based, and while precise estimates vary, the evidence points to the need for at least USD 1 trillion per year.⁶ Because of the scale of the financing required, some experts⁷ and countries, including Switzerland, Canada and the US,⁸ have suggested expanding the list of countries mandated to contribute, also called the contributor base, to include emerging countries with high emissions and high incomes.

This briefing investigates estimates of funding needs and the current state of funding from developed and emerging countries to shed light on the potential impact of expanding the contributor base.

How much climate finance is needed?

Several estimates exist on developing countries' needs for climate finance. The UNFCCC Standing Committee on Finance estimates a total of USD 5.8 trillion to USD 5.9 trillion will be needed to cover the costed needs of 153 developing country Parties, based on its assessment of nationally determined contributions (NDCs). This is likely to be an underestimation given that only a small proportion of needs were costed across the

² United Nations, 'United Nations Framework Convention on Climate Change', FCC/INFORMAL/84/Rev.1(1992), page 21,

https://unfccc.int/sites/default/files/convention_text_with_annexes_english_for_posting.pdf.

³ UNFCCC, 'Copenhagen Accord', FCCC/CP/2009/L.7 (2009), <https://unfccc.int/resource/docs/2009/cop15/eng/l07.pdf>.

⁴ OECD, 'Climate Finance Provided and Mobilised by Developed Countries in 2013–2022' (OECD, 29 May 2024), <https://doi.org/10.1787/19150727-en>.

Other analyses from civil society have called these estimates into question, however. See for example, Oxfam. 'Rich Countries Overstating "True Value" of Climate Finance by up to USD 88 Billion, Says Oxfam'. Oxfam GB, 9 July 2024.

<https://www.oxfam.org.uk/media/press-releases/rich-countries-overstating-true-value-of-climate-finance-by-up-to-88-billion-says-oxfam/>.

⁵ UNFCCC, 'Durban Platform for Enhanced Action (Decision 1/CP.17) Adoption of a Protocol, Another Legal Instrument, or an Agreed Outcome with Legal Force under the Convention Applicable to All Parties', 15 December 2015, <https://unfccc.int/resource/docs/2015/cop21/eng/l09r01.pdf>.

⁶ Natalia Alayza, Gaia Larsen, and David Waskow, 'What Could the New Climate Finance Goal Look Like? 7 Elements Under Negotiation', 29 May 2024, <https://www.wri.org/insights/ncqg-key-elements>.

⁷ W. Pieter Pauw et al., 'More Climate Finance from More Countries?', *Current Climate Change Reports* 10, no. 4 (24 July 2024): 61–79, <https://link.springer.com/article/10.1007/s40641-024-00197-5>.

⁸ Matteo Civillini, 'Swiss Propose Expanding Climate Finance Donors, Academics Urge New Thinking', *Climate Home News*, 16 August 2024, <https://www.climatechangenews.com/2024/08/16/as-swiss-propose-ways-to-expand-climate-finance-donors-academics-urge-new-thinking/>.

documents provided.⁹ Regionally, around USD 2.5 trillion of global need comes from African states, around USD 3.2 trillion from Asia-Pacific states and around USD 168 billion from Latin American and Caribbean states.

The Independent High-Level Expert Group on Climate Finance put forward the need for a mix of financing from private and public sources to reach USD 1 trillion per year by 2030 for emerging and developing countries¹⁰ based on financing needs to transform the energy system and pursue a just transition, cope with loss and damage, invest in adaptation and natural capital, and mitigate methane emissions.¹¹ UN Trade and Development (UNCTAD) takes a different approach, suggesting a contribution of around 1% of gross national income (GNI) for climate finance, adding to the 0.7% of GNI that developed countries are supposed to allocate towards official development assistance (ODA). This would raise total funding to approximately USD 1.55 trillion per year by 2030.¹²

Though the final figure these reports come to varies, in essence they tell us the same thing: at least USD 1 trillion per year will be needed to tackle the climate crisis, far above the USD 100 billion goal previously set.

While numbers this big may appear abstract, the funds they represent have real consequences on people's lives. In the decade to 2022, heat-related deaths increased by 85% compared to the period from 1991 to 2000. By the end of the century, heat-related deaths will affect 683–1,537% more elderly people than currently.¹³ And these are but a small fraction of the many health and economic impacts of climate change, illustrating the imperative to do more, faster.

Tracking climate finance – and accounting disagreements – to date

Developed countries have responsibilities under international law due to their historical emissions and their wealth to contribute financially to developing countries for mitigation and adaptation actions.¹⁴ The amount of climate and development finance provided and

⁹ UNFCCC Standing Committee on Finance, 'Executive Summary by the Standing Committee on Finance of the First Report on the Determination of the Needs of Developing Country Parties Related to Implementing the Convention and the Paris Agreement' (Bonn, Germany: UNFCCC, 2021), https://unfccc.int/sites/default/files/resource/54307_2%20-%20UNFCCC%20First%20NDR%20summary%20-%20V6.pdf.

¹⁰ Excluding China.

¹¹ V Songwe, N Stern, and A Bhattacharya, 'Finance for Climate Action: Scaling up Investment for Climate and Development' (London: Grantham Research Institute on Climate Change and the Environment, London School of Economics, 2022), <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/11/IHLEG-Finance-for-Climate-Action-1.pdf>.

¹² United Nations, 'Considerations for a New Collective Quantified Goal' (Geneva: United Nations, 2023), https://unctad.org/system/files/official-document/gds2023d7_en.pdf.

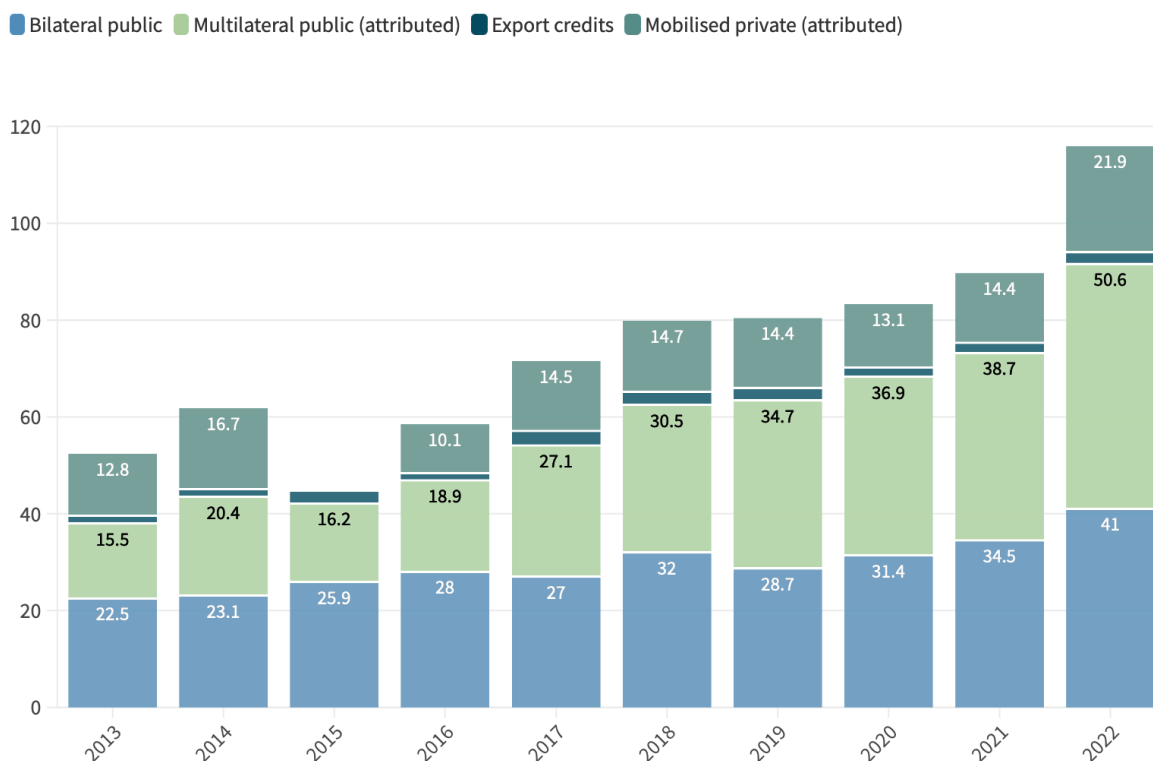
¹³ Marina Romanello et al., 'The 2023 Report of the Lancet Countdown on Health and Climate Change: The Imperative for a Health-Centred Response in a World Facing Irreversible Harms', *The Lancet* 402, no. 10419 (16 December 2023): 2346–94, [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(23\)01859-7/abstract](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(23)01859-7/abstract).

¹⁴ However, there is little clarity about which countries are defined as developed under the UNFCCC, leading to difficulties in tracking progress. Indeed, while developed countries are noted as being required to provide climate finance (Article 9.1 of the Paris Agreement), there is no specific delineation of which countries should be considered developed. Because of this lack of clarity, there is a *de facto* practice of relying on the 1992 country lists, with Annex II being often referred to as the developed country list for finance purposes. Other countries are encouraged to contribute under Article 9.2 of the Paris Agreement but are not required to do so.

S Colenbrander, L Pettinotti, and Y Cao, 'A Fair Share of Climate Finance? An Appraisal of Past Performance, Future Pledges and Prospective Contributors', ODI Working Paper (London: ODI, 2022), 17, https://media.odi.org/documents/A_fair_share_of_climate_finance.pdf.

mobilised by developed countries¹⁵ is regularly tracked by the Organisation of Economic Co-operation and Development (OECD). Its calculations show that the USD 100 billion goal was achieved two years late, in 2022, mainly due to increased public climate finance (Fig. 1).¹⁶

Fig. 1: OECD's recording of climate finance from developed countries, 2013-2022 (USD billion)



Source: OECD 2024 • Note: The data from 2015 is incomplete, as it is missing mobilised private finance due to a change in accounting methodology



Yet this conclusion has been challenged by other sources that contend that much of this financing is double counted with development aid budgets and includes loans, therefore concluding that the USD 100 billion climate finance goal has not been met. Research by Care International found that only 7% of climate finance from 2011 to 2020 was additional to official development assistance (ODA),¹⁷ while Oxfam calculated that climate finance was overstated by as much as USD 88 billion.¹⁸

¹⁵ In this case, defined by the OECD as Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, European Union, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom and the United States.

¹⁶ As of the time of writing, the OECD had not released data breaking down specific country contributions, although other authors have put forward estimates. See for example: L Pettinotti, T Kamninga, and S Colenbrander, 'A Fair Share of Climate Finance? The Collective Aspects of the New Collective Quantified Goal', ODI Working Paper (London: ODI, 2024), https://media.odi.org/documents/ODI_2024_Fair_share_climate_finance_new.pdf.

¹⁷ Andrew Hattle, 'Seeing Double' (Care International, 2023), https://careclimatechange.org/wp-content/uploads/2023/09/Seeing-Double-2023_15.09.23_larger.pdf.

¹⁸ Oxfam, 'Rich Countries Overstating "True Value" of Climate Finance by up to \$88 Billion, Says Oxfam' (Oxfam GB, 9 July 2024),

Even when the OECD figures are taken at face value, they remain under 1% of the combined GNI of the contributing countries, reaching a maximum of 0.21% of their combined GNI in 2022, according to calculations by ZCA using World Bank GNI data and OECD climate spending data (see Table 1).

Table 1: Climate finance from current contributor base as a proportion of GNI, 2013-2022

	OECD figure for climate financing (USD billion)	Total GNI (USD billion)	Climate finance/GNI
2013	52.4	45,439.00	0.12%
2014	61.8	46,446.80	0.13%
2015	no data	43,789.60	no data
2016	58.5	44,659.90	0.13%
2017	71.6	46,639.10	0.15%
2018	79.9	49,474.50	0.16%
2019	80.4	50,106.20	0.16%
2020	83.3	49,018.20	0.17%
2021	89.6	54,767.00	0.16%
2022	115.9	55,775.60	0.21%

Source: Zero Carbon Analytics analysis using OECD and World Bank data



ODI has calculated whether developed countries (defined here as Annex II countries) have provided their “fair share” of climate finance by looking at their GNI, cumulative territorial carbon dioxide emissions and population.¹⁹ The think tank finds that in 2022 while some countries like Norway, France and Luxembourg are hitting above their weight, other countries like the US, Greece and Portugal are providing less climate finance than they should be. Overall, according to the analysis, 11 out of 23 countries do not provide their fair share towards helping developing countries mitigate and adapt to climate, with the US providing 32% of its fair share, ahead only of Greece (see Table 2).²⁰

<https://www.oxfam.org.uk/media/press-releases/rich-countries-overstating-true-value-of-climate-finance-by-up-to-88-billion-says-oxfam/>.

¹⁹ The calculation methods were established by Colenbrander, S, Y Cao, L Pettinotti, and A Quevedo. ‘A Fair Share of Climate Finance? Apportioning Responsibility for the \$100 Billion Climate Finance Goal’. Working paper. London: ODI, 2021. https://media.odi.org/documents/ODI_WP_fairshare_final0709.pdf. The latest numbers referenced here come from L Pettinotti, T Kamninga, and S Colenbrander, ‘A Fair Share of Climate Finance? The Collective Aspects of the New Collective Quantified Goal.’

²⁰ L Pettinotti, T Kamninga, and S Colenbrander, ‘A Fair Share of Climate Finance? The Collective Aspects of the New Collective Quantified Goal.’

Fig. 2: Developed countries progress towards meeting their fair share of climate financing in 2022 (%)

Country	Fair share (billions)	Climate finance provided (2022)	Progress towards fair share
Norway	0.69	1.86	270%
France	5.26	11.37	216%
Luxembourg	0.09	0.16	180%
Germany	8.16	14.11	173%
Sweden	0.90	1.55	171%
Denmark	0.61	1.01	165%
Switzerland	0.93	1.33	143%
Japan	10.86	14.00	129%
Netherlands	1.75	2.24	128%
Austria	0.81	0.95	117%
Belgium	1.12	1.31	116%
Finland	0.54	0.56	103%
Canada	4.33	3.12	72%
Italy	4.63	3.35	72%
UK	5.80	3.93	68%
Iceland	0.04	0.02	62%
New Zealand	0.43	0.27	62%
Spain	3.41	1.96	58%
Ireland	0.54	0.30	55%
Australia	3.03	1.40	
Portugal	0.69	0.26	
US	44.60	14.37	
Greece	0.77	0.23	

Source: ODI 2024



Another analysis by Bos, Gonzalez and Thwaites roughly followed this formula, with some variation to try to better account for population size and future development, but have nevertheless found that many developed countries are not providing enough climate finance.²¹

²¹ Julie Bos, Lorena Gonzalez, and Joe Thwaites, 'Are Countries Providing Enough to the \$100 Billion Climate Finance Goal?', 10 July 2021, <https://www.wri.org/insights/developed-countries-contributions-climate-finance-goal>.

Assessments of the quality of finance also show a lack of ambition from contributors. It is estimated that nearly 95% of current climate finance is in the form of debt (61%) or equity (34%), and around 80% of loans are made at market rates, adding to the debt burden of countries already likely to be over-indebted.²² Among contributors, the instruments used to disburse financing varies, with Japan and France having been found to tend to give proportionally more loans in their financing mix.²³

As many developing countries are already highly indebted, this form of climate finance can serve to further weaken the macroeconomic stability of developing countries and divert spending from public services. Least-developed countries and small island developing states spent USD 48 billion repaying such loans to G20 countries between 2020 and 2022, and payment amounts have been increasing over time.²⁴

A shortage of financing directed towards adaptation threatens to exacerbate the issue for vulnerable countries that are unable to take measures to protect themselves from extreme weather events caused by climate change without financing and in the face of high debt servicing requirements. As continued fossil fuel use increases the likelihood of extreme weather events, there will be an increasing need for adaptation financing.²⁵ Adaptation received just 8% of global climate finance recorded by the Climate Policy Initiative in 2020, at USD 56 billion out of USD 665 billion, and against USD 589 billion given to mitigation initiatives.²⁶ Meanwhile, the UN Environment Programme estimates that there is a need for USD 215 billion per year for adaptation alone.²⁷

Search for solutions to fill the finance gap

In light of these funding gaps, some stakeholders have considered the logic of expanding the funder base to include emerging countries like China, Brazil and Saudi Arabia.²⁸ They

²² Climate Policy Initiative, 'Global Landscape of Climate Finance A Decade of Data: 2011-2020' (Climate Policy Initiative, 2022), <https://www.climatepolicyinitiative.org/wp-content/uploads/2022/10/Global-Landscape-of-Climate-Finance-A-Decade-of-Data.pdf>.

The OECD estimates a lower amount, with bilateral finance loans being 79% concessional loans, 41% of multilateral climate funds and 23% for multilateral development banks. The difference can be attributed to differences in definitions of concessionality.

OECD. 'Climate Finance Provided and Mobilised by Developed Countries in 2013-2022'. OECD, 29 May 2024. <https://doi.org/10.1787/19150727-en>.

²³ Colenbrander, Pettinotti, and Cao, 'A Fair Share of Climate Finance? An Appraisal of Past Performance, Future Pledges and Prospective Contributors', 26-27.

²⁴ IIED, 'Climate-Vulnerable Indebted Countries Paying Billions to Rich Polluters' (IIED, 2023), <https://www.iied.org/climate-vulnerable-indebted-countries-paying-billions-rich-polluters>.

²⁵ Zero Carbon Analytics, 'Unnatural Disasters: The Connection between Extreme Weather and Fossil Fuels' (Zero Carbon Analytics, 2024), <https://zerocarbon-analytics.org/archives/energy/unnatural-disasters-the-connection-between-extreme-weather-and-fossil-fuels>.

²⁶ Climate Policy Initiative, 'Global Landscape of Climate Finance A Decade of Data: 2011-2020' (Climate Policy Initiative, 2022), <https://www.climatepolicyinitiative.org/wp-content/uploads/2022/10/Global-Landscape-of-Climate-Finance-A-Decade-of-Data.pdf>.

²⁷ United Nations Environment Programme, 'Adaptation Gap Report 2023: Underfinanced. Underprepared. Inadequate Investment and Planning on Climate Adaptation Leaves World Exposed' (United Nations Environment Programme, November 2023), 35, <https://wedocs.unep.org/handle/20.500.11822/43796;jsessionid=AC69CB2C709FC5BC0FB8124E18F1ED1>.

²⁸ Matteo Civillini, 'Swiss Propose Expanding Climate Finance Donors, Academics Urge New Thinking', Climate Home News, 16 August 2024, <https://www.climatechangenews.com/2024/08/16/as-swiss-propose-ways-to-expand-climate-finance-donors-academics-urge-new-thinking/>.

assert that the high emissions or high GNI of these countries mean they have a role to play in closing the funding gap.

Researchers have used several methods to determine whether emerging countries should be contributing (more) to climate finance, as there is no agreed-upon threshold or metric to determine which countries should be contributors. Most suggested models aim to compare both income and contribution to climate change of potential contributors to existing contributors, using the median values of GNI and emissions for Annex II countries against those of other countries.

ODI researches propose that non-Annex II countries should become contributors under three thresholds related to per capita GNI or emissions in comparison to a minimum number of Annex II countries. Accordingly, ODI suggests that Brunei, Israel, Kuwait, Qatar, Singapore, South Korea and the United Arab Emirates are potentially good candidates to provide funds.²⁹

Another academic article published in 2024 looks at several metrics for historic emissions and capability to pay, as well as institutional affiliation (EU, OECD, G20) and countries' payments to other multilateral funds. On the basis of these findings, the paper suggests that Czechia, Estonia, Monaco, Poland, Qatar, Saudi Arabia, Slovenia, South Korea, Turkey, and the UAE would be good candidates.³⁰

Meanwhile, the Center for Global Development creates multiple models to account for responsibility and capability to pay and finds that Mexico, Poland, Russia, Saudi Arabia, South Korea, Taiwan and the UAE should contribute.³¹

What could expanding the contributor base amount to?

To add to the analysis above, we have estimated the amount of financing from the combined group of countries frequently mentioned in the literature or in the press, to understand the financial impact if they contributed at the same rate as developed countries. To do so, we first calculated the average climate finance spending of developed countries³² as a percent of their GNI, using data from the OECD and the World Bank (see Table 1 above). This equalled 0.21% in 2022, the year with the most up-to-date data and when developed countries met their USD 100 billion target.

We then took this percentage and multiplied it by the GNI of each of the candidate countries. This analysis shows that countries that are not required to contribute to global climate finance have nevertheless raised on average almost 30% of developed countries' spending, according to the latter's average GNI contributions (see Table 2, column 5), with a total of USD 12.3 billion in 2022. This methodology likely underestimates the amount of finance given by emerging economies as it only considers multilateral development finance due to data availability limitations. Despite not having any requirements to contribute, these countries are already providing finance for climate action.

²⁹ Colenbrander, Pettinotti, and Cao, 'A Fair Share of Climate Finance? An Appraisal of Past Performance, Future Pledges and Prospective Contributors'.

³⁰ Pauw, W. Pieter, Michael König-Sykorova, María José Valverde, and Luis H. Zamarioli. 'More Climate Finance from More Countries?' *Current Climate Change Reports* 10, no. 4 (24 July 2024): 61–79. <https://doi.org/10.1007/s40641-024-00197-5>.

³¹ Beynon, Jonathan. 'Who Should Pay? Climate Finance Fair Shares'. CGD Policy Paper. Washington, DC: Center for Global Development, 2023. <https://www.cgdev.org/sites/default/files/who-should-pay-climate-finance-fair-shares.pdf>.

³² The same developed countries were included as those included in the OECD's calculations, excluding Monaco for which GNI data is unavailable from the World Bank.

It also shows that if countries currently being considered as candidates for mandatory spending contributed at the same rate as developed countries actually provided in 2022, this could raise an additional USD 51.19 billion³³ or 5.12% of the USD 1 trillion minimum needed to meet developing countries' needs.

³³ This is the sum of all the candidate countries, excluding Czechia, Estonia, Poland, and Slovenia as they are already included in the OECD's calculations for total climate finance and thus any funding would not be considered additional.

Table 2: Estimated contribution of candidate countries' spending

Country	GNI, current USD billion (2022)	Multilateral climate financing, current USD million (2022)	Estimated climate finance at 0.21% of GNI, USD million	Spending level compared to developed countries (spending/0.21% GNI)
Brunei	16.30	40.36	34.26	117.82
Argentina	619.00	1,011.24	1,300.21	77.78
Colombia	338.00	338.08	709.55	47.65
Chile	288.00	280.78	604.18	46.47
Kuwait	209.00	201.53	438.51	45.96
South Korea	1,699.00	1,130.32	3,566.86	31.69
Saudi Arabia	1,118.00	727.86	2,348.18	31
Brazil	1,895.00	1,134.76	3,980.23	28.51
Mexico	1,430.00	835.76	3,002.20	27.84
Indonesia	1,283.00	645.70	2,693.95	23.97
Slovenia	58.90	27.11	123.71	21.92
Russian Federation	2,219.00	918.63	4,659.92	19.71
Turkey	898.00	353.95	1,886.52	
Estonia	36.90	14.50	77.68	
Czechia	277.00	108.41	582.44	
India	3,307.00	1,286.73	6,945.53	
Poland	663.00	215.43	1,391.49	
Singapore	403.00	93.07	846.19	
Israel	520.00	107.25	1,093.04	
United Arab Emirates	505.00	76.70	1,059.61	
China	17,770.00	2,522.48	37,318.79	
Qatar	227.00	25.88	477.72	

ZCA analysis using: ODI (climate spending), World Bank (GNI data) • Taiwan and Monaco have been removed from the table due to incomplete data.



Like previous analyses, this evidence does not provide definitive answers to the political question of who should be paying more or less to meet global climate finance needs. But it does show that many countries are already stepping up without any binding rules and that mandating an increase of their participation to the current real level of developed countries will likely not make a meaningful dent in the current financing gap.

Therefore, the literature and the additional evidence provided here reinforce the need for more leadership from developed countries.³⁴ As the Centre for Global Development concludes, “the analysis confirms that developed countries should continue to take primary responsibility, with the USA in particular shouldering at least 40% of the burden in virtually every scenario.”³⁵ Other experts agree, noting “If we are to timely address the pressing global needs of emissions reductions; adaptation; and averting, minimising and reducing losses and damages, the contribution of developed countries should remain central to any type of agreement around the NCQG.”³⁶

Moving finance forward

The NCQG offers the opportunity for countries to come together and hammer out details that have until now been left aside. The three questions raised by ODI should be kept in mind during the upcoming NCQG negotiations: “First, how much should each individual developed country be contributing towards this target? Second, which states should be considered ‘developed countries’ for the purposes of climate finance provision and mobilisation? And third, what counts as climate finance and how can we compare countries’ different contributions and commitments?”³⁷

While ODI and others have started to put together methodologies to define the level of contribution from developed countries based on historical emissions and ability to pay, the second question of clarifying the definition of the contributor base would require the UNFCCC’s annexes to be reworked and clarified. There have been two changes since the original categorisation in 1992: one in 2002 when Turkey was removed from Annex II, and the second when new EU Member States including Czechia and Malta asked to be put on the Annex I list.³⁸

Expanding the contributor base has been a point of discussion since at least 2009, with strong feelings on both sides and a certain level of “arbitrariness” in any outcome.³⁹ Research recommends several ways forward, including creating a net recipients category and a list of countries excluded from giving finance to ease discussions going forward.⁴⁰ The ODI recommends a similar approach, proposing the creation of a new category called “non-developed Parties” that would not be required to provide climate finance.⁴¹

Beyond ensuring that the high-level target meets developing countries’ needs, it is critical to answer the ODI’s questions above to create accountability for meeting the target and ensure that reported finance is actually going where it is most needed. This includes discussions around loss and damage, which have remained outside of the financing goal up until now, but is a particularly contentious subject for negotiators,⁴² and on adaptation,

³⁴ S Colenbrander et al., “The New Collective Quantified Goal and Its Sources of Funding: Operationalising a Collective Effort”, Working Paper (London: ODI, 2023), https://media.odi.org/documents/ODI_The_new_collective_quantified_goal_and_sources_of_funding.pdf.

³⁵ Beynon, ‘Who Should Pay? Climate Finance Fair Shares’, 13.

³⁶ W. Pieter Pauw et al., ‘More Climate Finance from More Countries?’, *Current Climate Change Reports* 10, no. 4 (24 July 2024): 61–79, <https://doi.org/10.1007/s40641-024-00197-5>, 76.

³⁷ Colenbrander, Pettinotti, and Cao, ‘A Fair Share of Climate Finance? An Appraisal of Past Performance, Future Pledges and Prospective Contributors’, 14.

³⁸ W. Pieter Pauw et al., ‘More Climate Finance from More Countries?’

³⁹ W. Pieter Pauw et al., 76.

⁴⁰ W. Pieter Pauw et al.

⁴¹ Pettinotti, L, T Kamninga, and S Colenbrander. ‘A Fair Share of Climate Finance? The Collective Aspects of the New Collective Quantified Goal’. ODI Working Paper. London: ODI, 2024.

https://media.odi.org/documents/ODI_2024_Fair_share_climate_finance_new.pdf.

⁴² Alayza, Larsen, and Waskow, ‘What Could the New Climate Finance Goal Look Like?’

which has been neglected in climate financing to date.⁴³ Finally, the question of transparency and tracking of funds is critical to even be able to measure if what is pledged is delivered.⁴⁴

⁴³ Bos, Gonzalez, and Thwaites, 'Are Countries Providing Enough to the \$100 Billion Climate Finance Goal?'

⁴⁴ Bos, Gonzalez, and Thwaites.