



## **IIGCC publishes open letter in support of an ambitious New Collective Quantified Goal on climate finance**

Delivered to: Minister Yasmine Fouad (Egypt) and Minister Chris Bowen (Australia) - *Ministerial Pair for informal consultations on the NCQG*

Cc: Fiona Gilbert (Australia) and Zaheer Fakir (South Africa) - *Co-chairs of the Ad-Hoc Work Programme on the NCQG*

All Parties to the United Nations Framework Convention on Climate Change

Your Excellencies,

As you continue your efforts in delivering a fair and ambitious NCQG, we are writing to share our perspective, in working with global investors, on the negotiation of this critical goal.

IIGCC has over 400 investor members across 27 countries, representing more than €65 trillion in assets. Our members are already taking action to address the climate challenge through their individual investment strategies, in stewardship and engagement with companies and broader stakeholders, including policymakers.

Many investors see investment opportunities in both developed and developing countries and stand ready to work with policymakers to unlock the finance needed to deliver a net zero and climate resilient world by 2050.

Taking lessons learned from the \$100bn goal, we know that insufficient financial resources are a risk to the implementation of NDCs and could further delay global climate action. This poses long-term systemic risks to global financial stability, which is relevant to investors' fiduciary duty.

To address the climate finance gap in developing countries many global investors are beginning to explore ways to unlock and mobilise capital.

An ambitious finance goal that includes private capital can encourage greater ambition in developing countries' NDC targets by building confidence in accessible funding for both mitigation and adaptation, with the latter being historically underfunded.

The NCQG can bring all parts of the financial system together, by sending strong political signals, including a clear recognition of the private sector's role.

The recent High-level Ministerial Dialogue highlighted slow progress in clarifying key elements of the proposed *multilayered approach*, which would enable greater ambition by going **beyond a sole focus on a quantitative target**. In particular, the definition of an enabling *policy environment* with clear timelines for implementation would be essential to increasing finance flows to assist this goal.

We believe an ambitious NCQG can accelerate private finance mobilisation if it:

- 1. Acknowledges the critical role of all financial actors** in financing the transition in developing countries, including institutional investors, banks, private investors, DFIs, MDBs, (re)insurers, philanthropies and global businesses.
- 2. Secures an enhanced public finance goal**, that strategically works to mobilise private finance.

In particular, it should ensure:

***A fair and balanced allocation*** across mitigation and adaptation, leveraging synergies between them to deliver a just transition;

***Delivery of quality finance***, particularly in the form of grants and highly concessional finance, that strategically targets sectors, technologies and regions that struggle to attract private investments due to their risk-return profile.

- 3. Sends clear policy signals** that enable greater private investments into climate action with clear timelines and transparency mechanisms for implementation.

The text should encourage developed countries to take action to:

***Review domestic and international financial regulations***, to ensure they do not disadvantage developing countries' access and ability to attract climate investments and can be applied on a proportionate basis. Such commitment should be accompanied by clear timeline for reporting on findings and providing recommendations on the way forward.

***Unlock further capital*** by promoting greater collaboration with the private sector, supporting the scale-up of de-risking and blended finance mechanisms (e.g. guarantees) in high-risk markets, and better leveraging capacity building and project preparation support facilities.

Whilst noting the need for developed economies to also take a more global approach, the text should also encourage developing countries to take action to:

***Implement policies and regulations*** that support greater domestic and international private capital mobilisation as highlighted in the [UAE consensus](#). These include sustainable finance policies and frameworks that support real economy decarbonisation (e.g. fair and equitable repurposing of fossil fuel subsidies, carbon pricing mechanisms, sectoral decarbonisation strategies, etc.).

**Strengthen broader policy, governance and fiscal frameworks** that help build a conducive environment for long-term investments into domestic climate and sustainable development objectives.

**Ensure policy signals are effectively translated into domestic policy incentives and regulatory reforms.** This is essential to influence investor's assessment of investment opportunities and drive investor confidence in capital allocation. A transparent process for tracking policy implementation should also be considered as part of wider transparency mechanisms and tracking efforts.

**4. Encourages progress across parallel multilateral processes** that could strengthen climate finance efforts. Recognising the interlinkages, dependencies and impacts of these processes, can foster coordination and effectiveness in climate finance efforts.

In particular, the NCQG should send signals to:

**Other UNFCCC processes** – highlighting the role of climate finance in supporting developing countries to adequately respond to the outcomes of the Global Stocktake, put forward enhanced climate and adaptation goals in their NDCs and NAPs, and support wider conversations around making financial flows consistent with the goals of the Paris Agreement (Art.2.1c).

**Other multilateral processes** – including advancing work on reforming international financial architecture, discussions in multilateral fora such as the G20 and the bi-annual IMF-World Bank Group Annual meetings.

We look forward to further engagement with the UNFCCC, the Troika Presidencies, Parties and beyond to address these important issues ahead of and at COP29.

Yours sincerely,



Stephanie Pfeifer, CEO, IIGCC

The letter represents the views of Stephanie Pfeifer and the IIGCC team. It does not necessarily represent the views of members either individually or collectively.

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