

# Joint submission from the Debt and Climate Working Group for the 11th Technical Expert Dialogue (TED11) of the New Collective Quantified Goal (NCQG) process

## Key messages

The process of setting up a post-2025 New Collective Quantified Goal (NCQG) on climate finance, as part of the negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, is critical. It is imperative that the NCQG process recognize the huge climate debt owed to the Global South, and the historical, ethical and legal responsibility of the Global North to repay the said debt with urgency. To begin addressing the said climate debt, governments of the Global North must provide at least US\$ 5 trillion per year as initial payment and use this as the basis to determine the **quantum** of the new climate finance goal aimed to address the urgent and rising climate needs of the Global South. The NCQG process must also aim to improve the **quality** of the mobilisation and provision of climate finance that will not lead to the further exacerbation of existing economic and debt burdens of the people and communities in the global south.

While we consider the discussions on the quantum to be central to the NCQG process, this submission focuses on the quality of the new climate finance commitments. In this sense, the undersigned organizations consider that debt issues related to climate finance must be further analysed and discussed as part of the next Technical Expert Dialogue (TED11).

Unsustainable debt burdens are threatening to jeopardise the very integrity of the Paris Agreement and the objective of limiting global temperature rise to below 1.5. Unsustainable debt burdens are preventing meaningful efforts to implement mitigation and adaptation measures in global south countries, which are also very vulnerable to climate change, and are derailing measures to avert, minimise, and address loss and damage, affecting the most vulnerable and underrepresented populations, for example women, youth, rural farmers, indigenous peoples, afro-descendants and local communities.

Therefore, we recommend that:

- TED11 provides the opportunity for UNFCCC parties and observers to further discuss a quantum, which is key for this process, but also qualitative issues. The debt implications need to be further analysed while discussing a new climate finance goal.
- The NCQG process should guarantee the urgent provision of adequate, high-quality, new and additional, public,

grants-based climate finance based on the actual scale of need, and as part of the huge climate debt owed to the global south. The governments of the global north must take the lead in the mobilisation and provision of climate finance based on their historical, ethical and legal responsibility as the greatest contributors to the climate crisis.

- All climate finance contributions must respond to the needs and priorities of global south countries, including local communities, indigenous peoples, afro-descendants, local communities, vulnerable groups, women and youth.
- The NCQG should not result in further indebtedness from climate finance in the global south and thus should follow the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC) and adopt a climate justice perspective. This includes limiting the role of the multilateral development banks (MDBs), International Monetary Fund, and private sector in channelling funds raised through the NCQG unless significant democratic reforms are pursued.
- The provision and mobilisation by developed countries of public climate finance, in the form of grants and highly concessional finance, should form a majority core of the NCQG. A focus on private sector mobilisation cannot deliver the quantity nor quality of finance needed.
- The historical responsibility of global north countries should not be diluted by enlarging the base of contributors, aligning the new goal with Article 2.1.c, or overstating the role of the private sector, instead of focusing on Articles 9 of the Paris Agreement.
- The NCQG process should guarantee direct access by the most vulnerable groups to climate finance (indigenous peoples, local communities, afro-descendant peoples, peasants, especially women and girls, children and youth, the elderly and persons with disabilities, as well as persons discriminated against on the basis of their sexual orientation, gender identity and expression, and other vulnerable and underrepresented populations). Most of the current climate finance mechanisms such as the Green Climate Fund (GCF), Adaptation Fund (AF), and Green Environment Facility (GEF) are mired in cumbersome procedures and time-consuming bureaucracy.

- Parties must agree on a single definition for climate finance, based on the UNFCCC and the Paris Agreement, focusing on the provision and mobilisation of finance by developed countries to developing countries, and a single methodology to measure and report on climate finance among parties, to promote transparency.
- The political decisions to be taken in 2024 should be guided by scientific evidence, as well as by the technical inputs obtained during the TEDs, and they should be timely, needs-based, and attentive to removing barriers that prevent vulnerable and underrepresented peoples and communities from accessing concessional funding for action on the ground.

Other elements on debt to be considered outside UNFCCC negotiations:

- When a climate-extreme event takes place and significantly worsens a country's economic outlook, there should be an immediate, cancellation of all debt payments from that country across all creditors for a specified period. This must go alongside additional, grant-based financing for addressing Loss and Damage. After a period of assessing the impacts of the shock, a debt sustainability analysis should be conducted, considering the losses and damages and the financing needs for recovery and reconstruction, followed by a debt restructuring plan, including cancellation, if needed, across all creditors.
- Unconditional debt cancellation must be ensured for all countries that need it, across all creditors (bilateral, multilateral, and private).
- New legislation in key jurisdictions, including New York and the UK, should be introduced to compel private creditor participation in debt relief processes.
- Agreement on a UN Framework Convention on Sovereign Debt should encompass the global consensus on the necessary rules and procedures, principles and structures throughout the different interdependent stages of the debt cycle, including the establishment of a multilateral debt workout process under the auspices of the United Nations that can help countries break the vicious cycle of escalating debt and climate crises.
- In addition to establishing and implementing the NCQG, a UN Framework Convention on International Tax Cooperation should be supported to further contribute to meeting the financing needs of global south countries.

## Background

The process of setting up a post-2025 New Collective Quantified Goal (NCQG) on climate finance is vital because it gives the opportunity not only to increase the quantum of the goal, but also to improve the quality of international climate finance flows in benefit of low and middle-income countries that are already currently facing disproportionate impacts of the climate crisis.

In this sense, the undersigned organisations, which have been following this process closely, consider that debt issues related to climate finance need to be further analysed and discussed as part of the next Technical Expert Dialogue (TED11), and welcome the opportunity given to observers and other parties by the co-chairs of this process, to provide inputs through a submission for TED11.

This submission has been built on a previous submission presented by our group for TED7, gathers inputs from two recent publications on debt and climate, and brings proposals and demands from the Pay Up Campaign recently launched by many CSOs:

1. The joint briefing "[Demands and expectations from the debt and climate working group on the New Collective Quantified Goal \(NCQG\) process and its outcomes](#)", published in April 2024.
2. The joint briefing "[Debt Demands & Debunking Distractions for Climate Action](#)" published in early June 2024.
3. The [background paper](#) of the Climate Finance Escalation Campaign.

## The climate debt owed to the global south

As stated by the Climate Finance Escalation Campaign<sup>1</sup>, the global north has an incalculable climate debt owed to the global south, stemming from the historical and ongoing greenhouse gas emissions that have caused and will continue to cause massive losses and damages. There is a **historical, ethical and legal responsibility** of the global north to repay this debt with urgency based on fair shares, as part of a larger historical and continuing social, economic, and ecological debt owed to the global south, arising from centuries of exploitation and inequity.

To begin addressing this climate debt, we demand the **governments of the global north to provide at least US\$5 trillion downpayment per year** to the global south in public finance. The said amount must be revised upwards regularly as needed, and be considered as merely an initial payment, toward the much larger total climate debt that continues to

accrue. It is important to emphasise that the current climate debt is immense and incalculable. This payment provides a realistic, attainable figure for governments of the global north to deliver as a starting point in addressing the urgent and rising climate needs of the global south.

This figure has been estimated based on studies that suggest that the annual finance needed ranges from US\$ 2.3 - US\$10<sup>2</sup> trillion. For example, using the figure of \$192 trillion until 2050, the annual average from 2023 (when the study was released) to 2025 is over US\$ \$6.85 trillion a year. Recognizing that the amounts are all underestimates, we demand that the global north collectively deliver US\$ 5 trillion annually as climate debt.

It is also important to mention that we demand that the new climate finance goal includes a subgoal for Loss and Damage.

### Debt-free climate finance

Climate justice is fully aligned with the United Nations Framework Convention on Climate Change (UNFCCC) principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC)<sup>3</sup>, recognizing that the climate crisis has been caused by the global north (including through resource exploitation in the global south)<sup>4</sup> and that global south countries must be the beneficiaries of international support, as it has been established in Article 9 of the Paris Agreement, that enshrines the right to climate finance for developing countries.

Countries in the global south have historically contributed the least to the main causes of climate change, yet they are the most impacted by global warming.<sup>5</sup> Their additional over-exposure to ongoing loss and damage is harming their ability to finance climate and development measures, because they are sucked into a cycle of climate-induced debt and fiscal deficits, which also results in more pressure to keep overexploiting natural resources. This, in turn, inhibits their ability to tackle climate change and pursue Sustainable Development Goals (SDG), which becomes a vicious cycle that repeats itself.<sup>6,7</sup>

Climate finance should be a part of the solution; however, it is very inefficient and difficult to access under the UNFCCC climate finance architecture, considering for example that there are not enough direct access windows for vulnerable communities, and that the application processes are bureaucratic to the extent that the Green Climate Fund (GCF) can take 5 years to approve a project.

On the other hand, reckless climate lending is not only worsening debt sustainability, but also exacerbating the global south's exposure to climate change and global economic shocks, as two thirds of climate finance is provided

as loans that must be repaid and are often subject to abusive interest rates. In 2021, US\$ 49.6 billion, or 68 per cent<sup>8</sup>, of public climate finance attributable to global north countries was in the form of non-concessional and concessional loans. Meanwhile, grants totaled just US\$ 20.2 billion (28 per cent) of climate finance.<sup>9</sup> However, despite their urgent climate finance needs, lower-income countries spent five times more on debt repayments in 2021 than on tackling climate change.<sup>10</sup> Low- and middle-income countries spent US\$372 billion on debt repayments in the same year.<sup>11</sup>

This continued in 2022 when 69 per cent of public climate finance was delivered through loans, which unfairly increased the debt burden in the global south. This reinforces countries' lack of capacity to invest in climate mitigation and adaptation, as their fiscal space is reduced and they are forced to prioritise debt and interest repayments.

Any additional debt, in the form of climate finance loans, imposes an additional barrier to countries being able to implement robust climate measures. Indeed, research published by the International Monetary Fund (IMF) concludes that small climate-vulnerable states' debt levels increase quickly after climate-related events.<sup>12</sup> This is a result of the impact of reconstruction efforts on their economies, but also of the higher interest rates charged to more vulnerable countries, which also influences the risk assessment linked to other financial products and services that are equally important for overcoming a crisis. Furthermore, the repayment of such loans impacts countries' ability to provide high-quality public services, after a climate event. This has implications on, for example, eradicating poverty, increasing gender equality, and achieving education goals, which in turn negatively affects the fulfilment of the 2030 agenda for Sustainable Development.

Climate change acts as a multiplier of debt burdens, which are impacting the global south's ability to tackle climate change and phase out of fossil fuels.<sup>13</sup> Indeed, the need to raise foreign currency to repay debts compels many countries in the global south to rely even more on fossil fuel and extractive industries or industrial agriculture which is export-oriented – thereby further accelerating the climate crisis.<sup>14</sup> The climate crisis and debt crisis thus mutually reinforce each other – entrenching an unsustainable global economic system.<sup>15</sup>

## Need for debt cancellation

Currently, 93% of the countries most vulnerable to the climate crisis are in debt distress, or at significant risk of debt distress.<sup>16</sup> In the context of widespread debt crises, new lending to global south countries is often allocated to servicing existing debt repayments, largely owed to private creditors, effectively bailing out these creditors<sup>17</sup>, rather than being allocated to addressing the climate crisis or investing in development challenges. This accumulation of unsustainable debts effectively undermines the ability of countries in the global south to respond to their own needs.

Another climate-relevant aspect of unsustainable indebtedness is related to the fact that global south countries are forced to exploit their natural resources and rely on fossil fuel extraction to repay their debts. Many countries are forced to adopt harmful economic policies designed by the IMF and the World Bank which encourage countries to expand their fossil fuel industries.<sup>18</sup> These key international actors have actively promoted expanding fossil fuel production to meet debt payments.<sup>19</sup>

In this context, immediate and unconditional debt cancellation must be granted for all countries that need it in order to achieve the SDGs and take climate action, across all creditors (bilateral, multilateral, and private).

To ensure fair and sufficient debt cancellation, we call for a reform of the debt architecture, including an agreement on establishing a UN Framework Convention on Sovereign Debt and a transparent and multilateral debt resolution mechanism. The level of debt cancellation should be agreed based on a new approach to debt sustainability, considering the financing needs for achieving the SDGs and funding climate mitigation and adaptation measures. Furthermore, in order to enforce private creditors' participation in debt cancellation and restructuring, legislation should be promoted in creditor countries, particularly key jurisdictions such as New York and the UK.

Debt restructuring and cancellation must go hand in hand with the provision of debt-free climate finance. This could free up important public resources in low and middle-income countries to tackle the climate crisis in a faster way, prioritising adaptation and climate resilience.

Debt cancellation also needs to be granted in the wake of catastrophic external shocks. When an indebted country is hit by a catastrophic external shock, climate change related or not, the government has to keep on with the debt payments, regardless of the gravity of impacts of such events. In most cases, not only do countries continue paying their external debts, diverting essential resources away from the emergency response, but they also incur further borrowing

to be able to pay for reconstruction and/or recovery costs. In the wake of a destructive storm, massive floods or prolonged drought, debt payments during a specified period of time should be automatically cancelled. After a period for assessing the impacts of the shock, a debt sustainability analysis should be conducted, considering the losses and damages as well as the financing needs for recovery and reconstruction, and should provide the debt restructuring and debt cancellation needed in each case, again involving all creditors.

## The private finance trap

The high debt levels in many global south countries make it hard to raise concessional financial resources, particularly for adaptation projects with low profit margins, or to cover the economic loss and damage derived from climate change. The current narrative emphasises the need for trillions of dollars to tackle the climate crisis at the same time as affirming that there is not enough public money.<sup>20</sup> Under the excuse of insufficient public resources, private finance is promoted as a solution, and the private sector is portrayed as the one sector that can help fill financing gaps. However, more than providing, the private sector is already capturing the bulk of climate finance. Averages for 2019/20 show that the private sector received 2.5 times more climate finance globally than the public sector and public-private sector combined.<sup>21</sup>

As stated by UNFCCC Executive Secretary Simon Stiell, "a quantum leap this year in climate finance is both essential and entirely achievable."<sup>22</sup> There is no shortage of public funding available to Annex I countries to cover their fair share of global climate adaptation, loss and damage, and mitigation costs — as shown in the next section on tax. However, Annex I countries are overwhelmingly blocking multilateral efforts towards tax justice and other systemic global financial architecture reform proposals, as well as for the needed quantum and quality of NCQG. Instead, they focus on the false pretence that private finance can cover the majority of climate costs. Relying on the private sector to fund climate action has already exacerbated debt crises, driven human rights violations and environmental degradation, and worsened inequality (covered in more detail above), but it has also consistently underdelivered on the quality and quantity of finance promised.

This 'private sector first' approach proposes that private finance can pay for the vast majority of climate investments needed, especially for mitigation, and that public finance should be focused on lowering the risks of private investors.<sup>23</sup>

Relying on this approach allows Annex I parties to argue that all that is needed to meet their obligations under the UNFCCC is small amounts of public finance in the form of:

- **Derisking:** In recent years there has been a related and renewed effort from many Annex I parties to pose the multilateral development banks (MDBs) and the International Monetary Fund (IMF) as the key institutions to provide public finance to derisk energy and other mitigation projects. Worryingly, public money is increasingly being used to lower the perceived risk of private investments in infrastructure that supports the energy transition in the global south.<sup>24</sup>
- **Blended finance:** It is an instrument for crowding in climate private finance with the support of public resources. As blended finance does not have an official definition, it is difficult to monitor and evaluate how it is provided and its macroeconomic and social impact.<sup>25</sup> Measuring to what extent private finance is mobilised through blending remains difficult and unquantifiable.<sup>26</sup> Blended finance has not been able to mobilise private finance at scale as promised, and this model favours financial actors outside of recipient countries. Between 2019 and 2021, the largest recipients of blended finance in climate-related investments were corporates and project developers.<sup>27</sup> Big climate-based funds from the global north which deliver blended finance also provide high salaries and commissions to executives and shareholders, whilst charging extractive commissions in low-income developing countries which are in dire need of resources, further damaging their economies.<sup>28</sup> These activities prove that blended finance suffers from a severe risk of perpetuating climate colonialism - transferring wealth from global south to global north countries.
- **Private-public partnerships (PPPs):** The experience with PPPs has been problematic in both the Global North and South. A 2020 study shows that, amongst other things, PPPs create hidden public debt, that private finance costs more than government borrowing, and public authorities often bear the risk of project failures (i.e. contingent liabilities). Moreover, there is mounting evidence that shows that PPPs can result in negative impacts on local communities. A 2022 IMF staff note states that “[g]reater private finance for infrastructure exposes poor households to higher costs for services”.<sup>29</sup> Privately financed water or energy infrastructure could impact the ability of vulnerable communities and poorer households to access these vital basic services in the wake of a climate impact, due to being unable to afford the market prices to access vital services, possibly as a result of lost livelihoods caused by a climate impact. This

would be disastrous for communities, impacting local and/or regional economies, and exacerbating inequalities within countries. The private sector typically prioritises wealth generation and profit and thus lacks the incentive to fund high-quality, accessible public services, climate resilience, adaptation measures, and loss and damage.<sup>30</sup>

It is important to note 'private-sector first' is not a new approach, but one that has been tried and has failed for decades — with the \$100 billion climate finance goal, but also with the Millennium Development Goals and Sustainable Development Goals.<sup>31</sup> In addition to the debt and inequality impacts on communities mentioned above, this 'private sector first approach' to climate finance has resulted in:

- **Too little finance.** This is driven in large part by overestimating the amount of private sector finance 'crowd-in' ratios.<sup>32</sup> For the renewable energy transition, where private sector involvement is most emphasised, this is particularly an issue for the build-out of key enabling project types that are unlikely or unsuited to be built by the private sector including 100% renewable-ready grids, worker supports in transition, and projects needed to advance energy democracy, energy access and environmental justice. This issue is currently being further exacerbated by low interest rates.
- **Local environmental and social impacts,** as the private sector does not follow sufficient safeguards for guaranteeing human rights, environmental justice and gender justice.<sup>33</sup>
- **Greater economic benefits for multinational companies** in lender countries than in local small and medium enterprises in the global south countries where projects are located.<sup>34</sup>
- **Financing disproportionately flowing to upper- and middle-income countries and communities rather than the most impacted populations.** For example, in 2022, 85% of global renewable energy investments went to countries making up less than half of the global population, and Africa accounted for just 1% of additional renewable energy capacity.<sup>35</sup> When international public finance does flow to low- and lower-middle-income countries it is overwhelmingly flowing as loans (83%) at a time when 93% of the countries most vulnerable to the climate crisis are in or at significant risk of debt distress and there are widespread cost-of-living and energy poverty crises.<sup>36</sup>
- **Undemocratic governance and representation in decision-making.** The MDBs and IMF which have been made the focal points for a 'private sector first' climate finance approach have highly unequal governance structures, giving most countries little say over how

finance flows. While we urgently need more finance, we also need to put control over how this finance flows, and what kinds of projects are supported, into the hands of recipient communities.

- **Privatisation and austerity.** The drive to attract private finance also often results in policy conditions for climate finance from the MDBs, IMF, or other institutions that drive the privatisation of public goods, violations of land rights, or limits to pro-public spending.<sup>37</sup>
- **Increased climate damages and inadequate climate response.** Together, these impacts are delaying the energy transition and resulting in a highly inadequate response to rapidly escalating climate impacts. This disproportionately impacts the most vulnerable communities.

In general, promoting private finance and giving a greater role to private sector stakeholders, as currently being proposed by global north countries that are pushing for increasing the NCQG contributor's base, fails to recognize how private sector practices have exacerbated financial and climate vulnerabilities, and how they compound each other. For instance, research from Imperial College London shows that "for every US\$10 [global south] countries spend on interest payments, an additional dollar of interest is added due to climate vulnerability".<sup>38</sup> It is clear that finance from the private sector is a costly expense for countries in the global south, a practice that traps these countries in financial deficit, as they often slash public expenditure in order to service public debt.<sup>39</sup> The shrinking space for public climate finance that communities, regions and civil society can access<sup>40</sup> risks leaving entire communities behind, as the world seeks to address climate change.

### Problematic role of Multilateral Development Banks (MDBs) and International Financial Institutions (IFIs) regarding debt

As climate vulnerabilities have increased for countries in the global south, so has these countries' need to access long-term grants and concessional finance. As a result, MDBs and other IFIs have played an increasing role in the delivery of climate finance. However, MDBs and IFIs often have strict eligibility requirements to access finance – based, for example, on the Gross Domestic Product (GDP) criteria of eligible countries. They prioritise loans over grants and most of MDBs climate finance is at non-concessional rates.<sup>41</sup> IFIs, particularly the World Bank and IMF, apply austerity based policy conditionalities to their finance, which have been shown to have harmful outcomes for countries and communities in the global south, including increasing poverty and inequality.<sup>42,43</sup> Furthermore, MDBs and IFIs lack sufficient

transparency and, while claiming a bigger role in climate finance, they continue to finance projects that cause climate change, including fossil fuel projects.<sup>44,45</sup> Finally, MDBs, particularly the World Bank and the IMF, favour a model of energy transition and climate investment that prioritises private sector investment (see above), through instruments like PPPs and blended finance (see section above), as well as carbon markets, instead of reinforcing the public investments and institutional capacities to deal with the climate challenges. Countries in the global north attributed US\$50.6 billion of their climate finance to multilateral finance institutions in 2022, and 89 per cent of multilateral public climate finance (excluding multilateral climate funds) was provided in the form of loans, from which only approximately 23 per cent were concessional<sup>46</sup> and these were provided based on a country's income level, creditworthiness and debt sustainability analysis (DSA).

The lack of access to highly concessional finance from MDBs means that countries in the global south are often highly indebted to MDBs. A total of 91 countries in the global south owed in 2022 30 per cent of their external debt to multilateral institutions,<sup>47</sup> while having estimated financing needs of between US\$5.8 trillion and US\$5.9 trillion to implement their (public and private sector) Paris Agreement climate action plans by 2030.<sup>48</sup> It is clear that, as countries in the global north seek to expand the climate finance contributors' base and share their responsibility for meeting climate finance goals with multilateral financial institutions, the global south's exposure to more non-concessional loans and debt increases. Meanwhile, the hold these institutions have over the global south's climate action and economic priorities also increases.

As highlighted above, without debt restructuring and cancellation, any new loans to countries in the global south will likely have to be used to repay existing creditors as opposed to being allocated to climate action. In 2022 the World Bank already held 20 per cent out of US\$ 686.3 billion<sup>49</sup> of the Vulnerable Group of Twenty (V20) climate-vulnerable countries' external public debt, while other MDBs hold an additional 20 per cent. Thus, if a high proportion of the new loans for climate finance come from MDBs, an even larger share of lower-income country debt will be owed to MDBs. This will further impact the global south's ability to implement robust climate measures. Additionally, when debt relief inevitably does take place in the coming years, it will fall exclusively on public institutions and governments in the global north, instead of sharing the burden with private lenders. This will mean that it will be far more expensive for public finances than if private lenders were compelled to provide debt relief now.

The international, institutional, and legal framework that regulates climate policy and climate finance sits within the

UNFCCC and its Agreements e.g. the Paris Agreement. As such, to ensure that all financial flows support the objectives agreed within the UNFCCC's multilateral fora, climate finance provided outside of the auspices of the UNFCCC – such as via MDBs and IFIs – should be grounded in the principles of the UNFCCC.

### False or partial solutions

Alongside the growing emphasis on MDBs, IFIs, and private sector actors in the provision of finance for climate action, we have also seen the rise of other inadequate solutions that fail to adequately address the gap in available climate finance or the unsustainable debt levels that are undermining climate action. Some risk further exacerbating debt levels for global south countries.

### Debt for climate or debt for nature swaps

Proponents of debt for climate or nature swaps argue that such transactions enable countries to simultaneously reduce their debt burden, whilst also liberating funds that can be put towards climate change or nature goals. For some countries, such as many small island states that cannot often access concessional finance or debt relief schemes, debt for climate or debt for nature swaps may look especially attractive. For creditors too, participating in a swap allows them to demonstrate a commitment to addressing climate change/nature goals in the global south, and in the case of third-party swaps, they would be able to recoup some of their losses through a discounted sale of the original debt. However, in many cases, the promises of debt swaps have not materialised, and they have been shown to have several risks and challenges that are difficult to overcome.

Recent cases have shown that debt swaps do not provide substantial or adequate debt reduction and, as such, are not an alternative to debt cancellation.<sup>50</sup> Evidence also shows that they do not free up sufficient fiscal space for global south countries to tackle development and climate challenges.<sup>51</sup> One year into the implementation of Ecuador's Galapagos debt-for-nature swap, there is no evidence of any investments made toward the protection, monitoring, and surveillance of marine conservation in the Galapagos Islands.<sup>52</sup>

Furthermore, debt swaps can be costly, slow, and inefficient, due to the involvement and fees charged by private entities arranging them. If a country is in a debt crisis, it needs rapid and comprehensive debt cancellation to restore its debt sustainability and fiscal capacity to act. Debt swaps usually lack transparency and can enable creditors to decide where a country's resources are spent on, overriding community participation and democratic decision-making.<sup>53</sup> In the past, debt-for-nature swaps have triggered human rights

violations.<sup>54</sup> They also risk legitimising illegitimate debt, if it is included alongside other debts.

Despite debt swaps being inadequate solutions to both the debt crisis and the mobilisation of finance to climate or nature goals, they continue to be promoted as viable solutions, distracting attention and resources from the policies and reforms that are urgently required. For example, at COP28, the world's top multilateral development banks and other institutions announced a new global task force to scale up debt-for-nature swaps.<sup>55</sup>

### Insufficient Climate Resilient Debt Clauses (CRDCs)

CRDCs are clauses that can be added to individual loan contracts to allow countries to temporarily suspend debt payments for an agreed period (typically up to two years) in the aftermath of a climate extreme event. Some lenders have proposed starting to include them in loan contracts, such as UK Export Finance,<sup>56</sup> the World Bank,<sup>57</sup> and the African Development Bank.<sup>58</sup>

CRDCs could help ensure financial resources stay in a country in the aftermath of a shock. However, to be fully effective, they need to be included in all debt contracts across all external creditors (private, multilateral, and bilateral) to ensure comparability of treatment across creditors. This is currently not the case. They must also have realistic trigger-clauses in place to ensure the measure is actually implemented when a climate extreme event takes place. Furthermore, debtor countries are likely to have to pay fees to get such clauses added to new loan contracts, which should be revised to make it possible to include this type of clause at any time, on demand from the debtor.

On their own, CRDCs are inadequate to address debt levels in the aftermath of a shock as they only temporarily suspend debt payments, pushing debt payments into the future while interest continues to accrue for the duration of the suspension. This means that when the debt repayments resume, countries may find themselves unable to meet repayments.

Finally, CRDCs do nothing about the trillions of external debt global south countries already have. They therefore do nothing to address the current debt crisis and must not be seen as a solution to the present challenges so many countries are facing.

Instead of CRDCs, civil society groups have been calling for an automatic debt payments cancellation in the wake of a catastrophic external shock. When a climate-extreme event such as a tropical storm takes place that significantly worsens a country's economic outlook, there should be an immediate, interest-free cancellation of all debt payments from that country across all external creditors.

This must go alongside additional, grant-based financing for addressing Loss and Damage. After a period of assessing the impacts of the shock, a debt sustainability analysis should be conducted, considering the losses and damages and the financing needs for recovery and reconstruction, followed by a debt restructuring, including cancellation if needed, across all creditors.

### Environmental, Social, and Governance (ESG) finance

ESG finance, including the issuance of green, blue or sustainable bonds (or other types of thematic bonds) by global south governments, are instruments that are supposed to fund projects or budget lines that have environmental, climate, or social benefits. These are by definition debt creating instruments, and are increasingly being pushed to global south countries. Recent research shows that at least 22 countries in the global south have issued sovereign ESG bonds, raising over US\$60 billion.<sup>59</sup> However, while these bonds are promoted as a viable solution for accessing more finance, they are in fact extremely problematic.

A first concern is that the ESG industry operates according to voluntary guidelines and standards, which means that any issuer can declare their bond as ESG. This means that the greenwashing is a real and high risk. Second, there is no robust evidence that these bonds provide developing countries with preferential and cheaper access to capital, generally referred to as a 'greenium'. Since interest rates on bonds remain contingent on international credit ratings, ESG bonds remain an expensive and debt-incurring instrument for developing countries. Finally, ESG finance lacks adequate regulation, oversight, transparency and accountability, thus increasing the risk of 'greenwashing'.<sup>60</sup> Public access to information on ESG bonds and the use of resulting proceeds from the bonds remains limited. In short, ESG bonds are yet another debt instrument that exacerbates the unsustainable debt levels of most global south countries, while creditors may reap large profits from the interest payments.

### Catastrophe bonds

Catastrophe bonds, or cat bonds, function as a normally-issued bond (i.e. interest rate paid annually, and principal paid at the point the bond reaches maturity) unless a climate extreme event takes place during the lifespan of the loan, in which case the borrowing country is not required to repay the invested funds. This acts as a form of disaster risk financing for climate-vulnerable countries, and a high-risk high-reward investment for lenders who could potentially make large profits given the higher interest rates they charge for these types of bonds.<sup>61</sup>

The definition of a climate extreme event in this case is often defined by a parametric trigger, such as wind speed or earthquake intensity, rather than the actual impact of an event. The human, material, and immaterial losses that those events and their cumulative impacts have caused are irrelevant under these schemes when it comes to deciding whether the country deserves to get the pay-out linked to the catastrophe bonds. They also tend not to factor in the cumulative impact should multiple events take place in a given time period. Because of this, many cat bonds have not paid out to countries who issued them even in the case of devastating climate extreme events.<sup>62</sup>

For example, Jamaica's \$150 million cat bond organised by the World Bank will not pay out for the destruction caused by Hurricane Beryl in July 2024 because "the air pressure required for a pay out of the cat bond was not reached".<sup>63</sup> It is expected that the holders of the Jamaica bond will not lose any money. Hurricane Beryl has destroyed homes, infrastructure and crops, which is likely to cause food shortages and affect agricultural jobs and farmers' livelihoods.<sup>64</sup> UNICEF has estimated that at least 160,000 people are in need of humanitarian assistance.<sup>65</sup> Similarly, a \$150 million cat bond organised by the World Bank did not pay out to the Philippines after it was struck by Typhoon Goni in October 2020 - the strongest recorded tropical cyclone to ever make landfall anywhere in the world, with extreme winds and severe flooding reported.<sup>66</sup>

These recent experiences show that cat bonds are a completely inadequate tool in ensuring countries have the resources they need to respond in the aftermath of climate extreme events, and that they are designed not to favour development needs but rather to favour investors who are willing to bet on human lives.

### An international tax system depriving global south countries of domestic tax revenues

In addition to the vicious cycle of indebtedness and climate vulnerability described above, global south countries are facing particular fiscal pressure through a global tax system that is depriving them of domestic tax revenues. The Tax Justice Network estimates that US\$ 483 billion is lost to tax avoidance and evasion by multinational corporations and wealthy individuals globally every year,<sup>67</sup> and other illicit financial flows add to this sum. These vast losses of potential public revenue have a disproportionately negative impact on lower income countries, where these sources make up a larger share of budgets. For global south countries, the effective taxation of multinational corporations for example is hampered by the fact that the international tax standards developed by the OECD and G20 do not reflect the interests

and concerns of the poorest countries, but are rather biased towards serving the global north's financial benefit, the home of many multinational corporations.<sup>68</sup>

The continued failure to ensure fair and effective international tax cooperation has resulted in large-scale international tax dodging by the world's wealthiest individuals and corporations. This, in turn, creates more regressive tax systems as the poorest are left to pick up the bill. Deep inequalities in global decision-making on tax matters, including the lack of an international forum where all countries can participate on an equal footing, has resulted in global tax standards that are particularly ill-suited for the world's poorest countries, having a disproportionate negative impact on the global south.<sup>69</sup>

Addressing inequalities in the division of taxing rights between countries, and ensuring that the interests and realities of global south countries are reflected in the global tax rules, remain key to enabling the mobilisation of domestic resources needed to meet development and climate finance objectives.<sup>70</sup> Furthermore, the quantum of public finance that can be realised for climate justice will continue to be constrained without new, additional and reformed tax systems. A globally inclusive process in this regard is ongoing with the United Nations currently negotiating the roadmap for a framework convention on international tax cooperation which could shake-up the global tax system fundamentally. In November 2023, the United Nations General Assembly voted overwhelmingly to adopt a resolution promoted by the Africa Group, calling for an UN process leading to a tax convention to tackle international tax dodging, promote a corporate tax reform, and create a fair and effective international tax system which ensuring a holistic sustainable development perspective while considering interactions with other key policy areas, including environmental policies.<sup>71</sup>

While the negotiations and the adoption of a UN Framework Convention on International Tax Cooperation (FCITC) are currently expected to be finalised by 2026, its main objectives, namely to redistribute the allocation of taxing rights fairly, to increase domestic resource mobilisation and to deliver on wider sustainable development goals, are complementing the NCQG process. Of particular importance with regard to tax measures that contribute to addressing the multiple environmental crises are two principles: the principle of Carbon and Environmental Tax Justice, which needs to address equity aspects of a) who has historically caused and is causing environmental damage, and b) who is suffering the most from degradation of planetary climate- and ecosystems. Environmental tax measures should also comply with key social principles, including:

- the commitment to reduce inequality within and between countries.<sup>72</sup>

- the polluter-pays principle, which recognizes that the costs of pollution and environmental damage should be borne by those causing it ensuring that the financial burden of mitigating environmental harm falls on the corporations and industries responsible for the pollution rather than on the general public or consumers.
- a cap on global fossil fuel extraction, set at a clear and binding level to keep us within planetary boundaries and reduce the incentives of false solutions such as carbon offsets, credits and trading.
- a fair means of apportioning the burden of any new environmental or carbon taxes, potentially through the introduction of a system of national allowances based on current or historical per capita emissions.
- the international legal principle of "common but differentiated responsibilities", which recognizes that the states that produce higher carbon emissions should bear a greater portion of the costs for managing their deleterious effects.

Another element of importance is the effective taxation of extractive industries within all relevant sectors, such as fossil fuel extraction, minerals mining, agriculture commodities, fisheries and forestry. In addition to international profit shifting exploited through the current global tax system, natural resources extraction poses additional challenges regarding the quoting of value extracted, multinational corporations' contractual agreements with host countries, the rights and needs of local communities and environmental issues.<sup>73</sup> The current global corporate tax standards should be reformed to ensure effective, fair and progressive taxation of multinational corporations. Furthermore, progressive environmental taxes should be introduced, including corporate top up taxes or windfall profits taxes on corporations with an excessive ecological footprint - to ensure that the world's biggest polluters start paying for the damage they have caused.

Finally, it is vitally important that new international tax systems seek to safeguard and build equitable wealth for future generations, so that natural resources are not extracted for short term profit alone. This could involve, for example, the foundation of a democratically owned and operated global wealth fund which could invest the profits from extractive industries, share this wealth with the people of the world and reward governments who leave natural resources in the ground by paying interest on these assets.

## Key recommendations

Recognizing that the UNFCCC does not have the mandate to take decisions on global economic policy, the NCQG process must be a space to be proactive about preventing further indebtedness from climate finance in the global south. This is vital to protect the very integrity of the Paris Agreement. TED11 provides a key opportunity for UNFCCC parties and observers to further discuss and agree on an ambitious and sufficient quantum, which is key for this process, but also to advance on qualitative issues, such as the ones included in this submission related to global south indebtedness. We call for debt-related issues to be further analysed while discussing a new climate finance goal. As such, we make the following recommendations on the scope of the NCQG goal in general, and for the TED11, in particular:

1. TED11 provides the opportunity for UNFCCC parties and observers to further discuss a quantum, which is key for this process, but also qualitative issues. The debt implications need to be further analysed while discussing a new climate finance goal.
2. This NCQG process should guarantee the provision of urgent adequate, high-quality, new and additional, public, grants-based climate finance on the scale of the US\$ 5 trillion per year<sup>74</sup> from the global north as part of the huge climate debt owed to the global south. The provision and mobilisation by developed countries of public climate finance in the form of grants and highly concessional finance should form a majority core of the NCQG.
3. All climate finance contributions must respond to the needs and priorities of developing countries, including local communities, indigenous peoples, afro-descendants, local communities, vulnerable groups, women and youth.
4. The NCQG should not result in further indebtedness from climate finance in the global south and thus should follow the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC) and adopt a climate justice perspective. This includes limiting the role of the multilateral development banks (MDBs), International Monetary Fund, and the private sector in channelling funds raised through the NCQG, unless significant democratic reforms are pursued.
5. The provision and mobilisation by developed countries of public climate finance, in the form of grants and highly concessional finance, should form a majority core of the NCQG. A focus on private sector mobilisation cannot deliver the quantity nor quality of finance needed.
6. The historical responsibility of global north countries should not be diluted by enlarging the base of contributors, aligning the new goal with Article 2.1.c, or overstating the role of the private sector instead of focusing on Articles 9 of the Paris Agreement. Focusing on mobilising private sector resources will not deliver the quantity nor quality of climate finance needed.
7. The NCQG process should guarantee direct access by the most vulnerable groups to climate finance (indigenous peoples, local communities, afro-descendant peoples, peasants, women and girls, children and youth, the elderly and persons with disabilities, as well as persons discriminated against on the basis of their sexual orientation, gender identity and expression, and other vulnerable and underrepresented populations). Most of the current climate finance mechanisms such as the Green Climate Fund (GCF), Adaptation Fund (AF), and Green Environment Facility (GEF) are mired in cumbersome procedures and time-consuming bureaucracy.
8. Parties must agree on a single definition for climate finance, based on the UNFCCC and the Paris Agreement, focused on the provision and mobilisation of finance by developed countries to developing countries, and a single methodology to measure and report it among parties, to promote transparency.
9. The political decisions to be taken in 2024 should be guided by scientific evidence, as well as by the technical inputs obtained during the TEDs, and they should be timely, needs-based, and attentive toward removing barriers that prevent vulnerable and underrepresented peoples and communities from accessing concessional funding for action on the ground.
10. When a climate-extreme event takes place, there should be an immediate, interest-free cancellation of all debt payments from that country across all creditors for a specified period, alongside additional, grant-based financing for addressing Loss and Damage. After a period of assessing the impacts of the shock, a debt sustainability analysis should be conducted, considering the losses and damages and the financing needs for recovery and reconstruction, followed by a debt restructuring plan, including cancellation, across all creditors.
11. Unconditional debt cancellation must be ensured for all countries that need it, across all creditors (bilateral, multilateral, and private).
12. New legislation in key jurisdictions, including New York and the UK, should be introduced to compel private creditor participation in debt cancellation and restructuring.

13. Agreement on a UN Framework Convention on Sovereign Debt should encompass the global consensus on the necessary rules and procedures, principles and structures throughout the different interdependent stages of the debt cycle, including the establishment of a multilateral debt workout process under the auspices of the United Nations that can help countries break the vicious cycle of escalating debt and climate crises.
14. In addition to establishing and implementing the NCQG, a UN Framework Convention on International Tax Cooperation should be supported to further contribute to meeting the financing needs of global south countries.

#### List of Civil Society Organisations that support this submission

- ActionAid International,
- The Asian Peoples' Movement on Debt and Development (APMDD),
- The Bretton Woods Project,
- Center for Economic and Social Rights (CESR),
- Climate and Community Project,
- Debt Justice Norway,
- Debt Justice UK,
- The European Network on Debt and Development (Eurodad),
- Institute of Socioeconomic Studies (Inesc),
- Red Latinoamericana por Justicia Económica y Social (LATINDADD),
- MenaFem Movement for Economic Development and Ecological Justice,
- Movement for Debt and Reparations,
- Observatori del Deute en la Globalització (ODG),
- Oil Change International,
- Recourse,
- Resilient40.

## Endnotes

- 1 Climate Finance Escalation Campaign 2024. Background paper, <https://docs.google.com/document/d/1sJsep3JUBr180nTlVOjA1WzL6eFw6m6y1ePgHZxpU/edit#heading=h.6xhfdjllhahf>.
- 2 See the compilation "Studies on the Quantum - 5 Trillion USD" <https://docs.google.com/document/d/1fRtNhnfrxfceeJB3JYj0YUBESzVJwuaRvD-sEHhIO/edit?usp=sharing>.
- 3 Ibid.
- 4 Callahan, C., and J. Mankin. "National Attribution of Historical Climate Damages." *Climatic Change* 172, no. 40 (2022). <https://doi.org/10.1007/s10584-022-03387-y>.
- 5 Ibid.
- 6 Tiedemann, J., et al. "Meeting the Sustainable Development Goals in Small Developing States with Climate Vulnerabilities: Cost and Financing." IMF Working Paper No. 2021/062. Washington, DC: International Monetary Fund, 2021. <https://www.imf.org/en/Publications/WP/Issues/2021/03/05/Meeting-the-Sustainable-Development-Goals-in-Small-Developing-States-with-Climate-50098>.
- 7 Fresnillo, Iolanda. "A Tale of Two Emergencies: The Interplay of Sovereign Debt and Climate Crises in the Global South." Webinar. Brussels: European Network on Debt and Development (Eurodad), 2020. <https://www.eurodad.org/a-tale-of-two-emergencies-the-interplay-of-sovereign-debt-and-climate-crises-in-the-global-south>.
- 8 Organisation for Economic Co-operation and Development (OECD). *Climate Finance Provided and Mobilised by Developed Countries in 2016-2021: Aggregate Trends and Opportunities for Scaling Up Adaptation and Mobilising Private Finance*. Paris: OECD, 2023. <https://doi.org/10.1787/e20d2bc7-en>.
- 9 Ibid.
- 10 Jubilee Debt Campaign. *Lower Income Countries Spend Five Times More on Debt Than Dealing with Climate Change*. London: Jubilee Debt Campaign, 2021. [https://jubileedebt.org.uk/wp-content/uploads/2021/10/Lower-income-countries-spend-on-adaptation\\_10.21.pdf](https://jubileedebt.org.uk/wp-content/uploads/2021/10/Lower-income-countries-spend-on-adaptation_10.21.pdf).
- 11 European Network on Debt and Development (Eurodad). Eurodad Submission to the Call for Contributions on International Debt Architecture Reform and Human Rights. Brussels: Eurodad, 2021. <https://www.ohchr.org/sites/default/files/Documents/Issues/EDebt/Int-debt-architecture-reform/Eurodad-input-IDAreform-EN.pdf>.
- 12 Tiedemann, J., et al. Meeting the Sustainable Development Goals in Small Developing States with Climate Vulnerabilities: Cost and Financing. IMF Working Paper No. 2021/062. Washington, DC: International Monetary Fund, 2021. <https://www.imf.org/en/Publications/WP/Issues/2021/03/05/Meeting-the-Sustainable-Development-Goals-in-Small-Developing-States-with-Climate-50098>.
- 13 Woolfenden, Tess. *The Debt-Fossil Fuel Trap: Why Debt Is a Barrier to Fossil Fuel Phase-Out and What We Can Do About It*. London: Debt Justice UK, 2023. [https://debtjustice.org.uk/wp-content/uploads/2023/08/Debt-Fossil-Fuel-Trap-Report\\_2023.pdf](https://debtjustice.org.uk/wp-content/uploads/2023/08/Debt-Fossil-Fuel-Trap-Report_2023.pdf).
- 14 Sward, J., et al. IMF Surveillance and Climate Change Transition Risks: Reforming IMF Policy Advice to Support a Just Energy Transition. London: Bretton Woods Project and ActionAid USA, 2021. <https://www.actionaidusa.org/publications/imf-surveillance-and-climate-change-transition-risks-reforming-imf-policy-advice-to-support-a-just-energy-transition/>.
- 15 ActionAid International. *The Vicious Cycle: Connections Between the Debt Crisis and Climate Crisis*. London: ActionAid International, 2023. <https://actionaid.org/publications/2023/vicious-cycle#downloads>.
- 16 Ibid.
- 17 Jones, Tim. *Preventing and Resolving Sovereign Debt Crises: Stop Bailing Out Reckless Lenders*. London: Debt Justice, 2019. [https://jubileedebt.org.uk/wp-content/uploads/2019/10/IMF-policy-on-debt-restructurings\\_English\\_10.19-1.pdf](https://jubileedebt.org.uk/wp-content/uploads/2019/10/IMF-policy-on-debt-restructurings_English_10.19-1.pdf).
- 18 Woolfenden, Tess. *The Debt-Fossil Fuel Trap: Why Debt Is a Barrier to Fossil Fuel Phase-Out and What We Can Do About It*. London: Debt Justice UK, 2023. [https://debtjustice.org.uk/wp-content/uploads/2023/08/Debt-Fossil-Fuel-Trap-Report\\_2023.pdf](https://debtjustice.org.uk/wp-content/uploads/2023/08/Debt-Fossil-Fuel-Trap-Report_2023.pdf). VVAA. *Debt Demands & Debunking Distractions for Climate Action*. 2024. [https://debtjustice.org.uk/wp-content/uploads/2024/05/Debt-demands-for-climate-action\\_June-24.pdf](https://debtjustice.org.uk/wp-content/uploads/2024/05/Debt-demands-for-climate-action_June-24.pdf).
- 19 Sibaja, Federico. "The IMF Talks About Climate Change but Pushes Argentina into Fracking." *Recourse*, July 11, 2024. <https://re-course.org/newsupdates/new-report-the-imf-talks-about-climate-change-but-it-pushes-argentina-into-more-and-more-fracking/>.
- 20 Ananthakrishnan, Prasad, Torsten Ehlers, Charlotte Gardes-Landolfini, and Fabio Natalucci. "Emerging Economies Need Much More Private Financing for Climate Transition." IMF Blog, October 2, 2023. <https://www.imf.org/en/Blogs/Articles/2023/10/02/emerging-economies-need-much-more-private-financing-for-climate-transition>.
- 21 Naran, Baysa, et al. *Global Landscape of Climate Finance: A Decade of Data 2011-2020*. San Francisco: Climate Policy Initiative, 2022. <https://www.climatepolicyinitiative.org/wp-content/uploads/2022/10/Global-Landscape-of-Climate-Finance-A-Decade-of-Data.pdf>.
- 22 UNFCCC. "Two Years to Save the World: Simon Stiell at Chatham House." UNFCCC News, 2024. <https://unfccc.int/news/two-years-to-save-the-world-simon-stiell-at-chatham-house>.
- 23 Mooney, Attracta. "John Kerry to Keep Working on Climate Finance after White House Exit." *Financial Times*, March 2024. <https://www.ft.com/content/28e8d071-578a-44be-8490-5ffa45daa347>.
- 24 Dafermos, Yannis, Daniela Gabor, and Jo Michell. 2021. "The Wall Street Consensus in Pandemic Times: What Does It Mean for Climate-Aligned Development?" *Canadian Journal of Development Studies / Revue Canadienne d'études Du Développement* 42 (1-2): 238-51. doi:10.1080/02255189.2020.1865137.
- 25 Sial, Farwa. "Blended Finance for Climate Action: Good Value for Money?" Eurodad, February 8, 2024. <https://www.eurodad.org/blended-finance-for-climate-action-good-value-for-money>.
- 26 Attridge, Samantha, and Lars Engen. *Blended Finance in the Poorest Countries: The Need for a Better Approach*. London: Overseas Development Institute, 2019. <https://odi.org/en/publications/blended-finance-in-the-poorest-countries-the-need-for-a-better-approach/>.
- 27 Convergence. *State of Blended Finance, Climate Edition*. 2022. <https://www.convergence.finance/resource/state-of-blended-finance-2022/view>.
- 28 Follow the Money. "No Risk, High Rewards." 2024. <https://www.ftm.nl/artikelen/miljonair-dankzij-nederlandse-hulp-gelden-voor-ontwikkelingslanden>.
- 29 Prasad, Ananthakrishnan, et al. *Mobilizing Private Climate Financing in Emerging Market and Developing Economies*. IMF Staff Climate Note 2022/007. Washington, DC: International Monetary Fund, 2022. <https://www.imf.org/en/Publications/staff-climate-notes/Issues/2022/07/26/Mobilizing-Private-Climate-Financing-in-Emerging-Market-and-Developing-Economies-520585>.
- 30 Eurodad. *History RePPeated II: Why Public-Private Partnerships Are Not the Solution*. Brussels: Eurodad, December 2022. <https://www.eurodad.org/historyrepeated2>.
- 31 Sud, Inder. "Letter: World Bank 'Lab' Fails to Address Climate Challenge." *Financial Times*, 2024. <https://www.ft.com/content/72a88eea-d373-450b-9b1c-9fb23e-fe0221>. Steinfort, Lavinia, and James Angel. *Energy Transition Mytbusters*. Amsterdam: Transnational Institute, 2023. <https://www.tni.org/en/publication/energy-transition-mythbusters>.
- 32 Christophers, Brett. *The Price Is Wrong: Why Capitalism Won't Save the Planet*. London: Verso, 2023.
- 33 Brüssel. "Governing the Supply-Side." *IPPR Progressive Review*, 2023. Wiley Online Library. <https://onlinelibrary.wiley.com/doi/10.1111/newe.12366>. Accessed July 30, 2024.
- 34 Attridge, Samantha. *Blended Finance in the Poorest Countries: The Need for a Better Approach*. London: Overseas Development Institute, April 2019. <https://odi.org/en/publications/blended-finance-in-the-poorest-countries-the-need-for-a-better-approach/>. Accessed July 30, 2024.
- 35 Bigger, Patrick. "The Narrow Allure of Bridging Funding Gaps with Blended Finance." *Debt and Green Transition Blog Series*. Development Research. Accessed July 30, 2024. <https://www.developmentresearch.eu/?p=1487>.
- 36 Eurodad. "Civil Society Calls for Rethink of World Bank's Evolution Roadmap as Part of Wider Reforms to Highly Unequal Global Financial Architecture." Eurodad, July 2023. <https://www.eurodad.org/civil-society-calls-for-rethink-of-world-bank-s-evolution-roadmap-as-part-of-wider-reforms-to-highly-unequal-global-financial-architecture-newsletter>.
- 37 Gulrajani, Nilima, and Emily Silcock. *Principled Aid Index 2020*. London: Overseas Development Institute, November 2020. <https://odi.org/en/publications/principled-aid-index-2020/>.
- 38 International Renewable Energy Agency (IRENA). *World Energy Transitions Outlook 2023: 1.5°C Pathway*. Abu Dhabi: IRENA, 2023. <https://www.irena.org/Publications/2023/Jun/World-Energy-Transitions-Outlook-2023>.
- 39 ActionAid. *The Vicious Cycle: Connections Between the Debt Crisis and Climate Crisis*. April 2023. <https://actionaid.org/publications/2023/vicious-cycle#downloads>.
- 40 Jon Sward and Laure-Alizée Le Lannou, April 2024, *Gambling with the planet's future? World Bank Development Policy Finance, 'green' conditionality, and the push for a private-led energy transition*, Bretton Woods Project, <https://www.brettonwoodsproject.org/2024/04/gambling-with-the-planets-future-world-bank-development-policy-finance-green-conditionality-and-the-push-for-a-private-led-energy-transition/>.
- 41 Donovan, C. "Developing Countries Are Paying Twice for Climate Change." *Imperial College Business School*. 2018. <https://www.imperial.ac.uk/business-school/ib-knowledge/finance/developing-countries-are-paying-twice-climate-change>.
- 42 Woolfenden, T. (2022) 'Countries in debt crisis cut public spending in face of soaring prices', *Debt Justice*, [debtjustice.org.uk/press-release/countries-in-debt-crisis-cut-public-spending-in-face-of-soaring-prices](https://debtjustice.org.uk/press-release/countries-in-debt-crisis-cut-public-spending-in-face-of-soaring-prices).
- 43 Achampong, L. (2022) 'Efficient, Equitable and Effective High-Quality Climate Finance: Recommendations for the post-2025 global climate finance goal', Eurodad, [www.eurodad.org/ncgg\\_2022](https://www.eurodad.org/ncgg_2022).
- 44 OECD. *Climate Finance Provided and Mobilised by Developed Countries in 2016-2020: Insights from Disaggregated Analysis*, Climate Finance and the USD 100 Billion Goal. Paris: OECD, 2022. <https://doi.org/10.1787/286dae5d-en>.
- 45 Ostry, David J., et al. "Neoliberalism: Oversold?" *Finance & Development* 53, no. 2 (2016). International Monetary Fund. <https://www.imf.org/external/pubs/ft/fandd/2016/06/ostry.htm>.
- 46 Recourse (2024). 'Greening IMF Lending: Elusive Prospects, mixed evidence', *Recourse*, [https://re-course.org/wp-content/uploads/2024/04/RST-Report-Financial-desktop\\_portrait\\_11zon.pdf](https://re-course.org/wp-content/uploads/2024/04/RST-Report-Financial-desktop_portrait_11zon.pdf).

- 44 O'Manique, C. (2023) 'Explainer: Latest data shows the World Bank Group and its peers are still locking in a fossil future', Oil Change International, [priceofoil.org/2023/04/04/explainer-latest-data-shows-the-world-bank-group-and-its-peers-are-still-locking-in-a-fossil-future/](https://www.oilchangeinternational.org/2023/04/04/explainer-latest-data-shows-the-world-bank-group-and-its-peers-are-still-locking-in-a-fossil-future/).
- 45 Sward, J. et al (2021) 'IMF Surveillance and Climate Change Transition Risks: Reforming IMF policy advice to support a just energy transition', Bretton Woods Project and ActionAid USA, [www.actionaidusa.org/publications/imf-surveillance-and-climate-change-transition-risks-reforming-imf-policy-advice-to-support-a-just-energy-transition/](https://www.actionaidusa.org/publications/imf-surveillance-and-climate-change-transition-risks-reforming-imf-policy-advice-to-support-a-just-energy-transition/).
- 46 OECD (2024), Climate Finance Provided and Mobilised by Developed Countries in 2013-2022, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris, <https://doi.org/10.1787/19150727-en>.
- 47 Debt Justice (2023) 'Lower income country debt payments to hit highest level in 25 years', Debt Justice [debtjustice.org.uk/press-release/lower-income-country-debt-payments-set-to-hit-highest-level-in-25-years](https://debtjustice.org.uk/press-release/lower-income-country-debt-payments-set-to-hit-highest-level-in-25-years).
- 48 UNFCCC (2020) 'First Report on the Determination of the Needs of Developing Country Parties Related to Implementing the Convention and the Paris Agreement (NDR)', UNFCCC, [unfccc.int/topics/climate-finance/workstreams/determination-of-the-needs-of-developing-country-parties/first-report-on-the-determination-of-the-needs-of-developing-country-parties-related-to-implementing](https://unfccc.int/topics/climate-finance/workstreams/determination-of-the-needs-of-developing-country-parties/first-report-on-the-determination-of-the-needs-of-developing-country-parties-related-to-implementing).
- 49 Ramos, L. et al. (2022) 'V20 Debt Review: An account of debt in the Vulnerable Group of Twenty', Boston University - Global Policy Development Center, [www.bu.edu/gdpd/files/2022/09/V20-BU-Debt-Review-Sept-20-FIN.pdf](https://www.bu.edu/gdpd/files/2022/09/V20-BU-Debt-Review-Sept-20-FIN.pdf).
- 50 Fresnillo, Iolanda. 'Miracle or Mirage? Are Debt Swaps Really a Silver Bullet?' Brussels: European Network on Debt and Development (Eurodad), December 2023. [https://www.eurodad.org/miracle\\_or\\_mirage](https://www.eurodad.org/miracle_or_mirage).
- 51 Ibid.
- 52 Red Latinoamericana por Justicia Económica y Social (LATINDADD). Initial Assessment of Galapagos Debt-for-Nature Swap. May 2024. <https://latindadd.org/wp-content/uploads/2024/05/initial-assessment-of-galapagos-debt-for-nature-swap.pdf>.
- 53 Red Latinoamericana por Justicia Económica y Social (LATINDADD). Debt-for-Climate Swaps: Can They Be Aligned with Debt and Climate Justice? Accessed July 30, 2024. <https://latindadd.org/informes/debt-for-climate-swaps-can-they-be-aligned-with-debt-and-climate-justice/>.
- 54 HASSOUN, NICOLE. "The Problem of Debt-for-Nature Swaps from a Human Rights Perspective." Journal of Applied Philosophy 29, no. 4 (2012): 359-77. <http://www.jstor.org/stable/24356189>.
- 55 UNFCCC Climate Champions. Joint Declaration and Task Force on Credit Enhancement for Sustainability-Linked Sovereign Financing. Accessed July 30, 2024. <https://climatechampions.unfccc.int/joint-declaration-and-task-force/>.
- 56 UK Export Finance. Climate Resilient Debt Clauses. Accessed July 30, 2024. <https://www.gov.uk/government/publications/climate-resilient-debt-clauses>.
- 57 World Bank. World Bank Extends New Lifeline for Countries Hit by Natural Disasters. Accessed July 30, 2024. <https://www.worldbank.org/en/news/factsheet/2023/12/01/world-bank-extends-new-lifeline-for-countries-hit-by-natural-disasters>.
- 58 African Development Bank Group. COP28: African Development Bank and International Partners Commit to Climate Resilient Debt Clauses. Accessed July 30, 2024. <https://www.afdb.org/en/news-and-events/press-releases/cop28-african-development-bank-international-partners-commit-climate-resilient-debt-clauses-67000>.
- 59 Standing, A. (2023). Sovereign ESG Bonds in the Global South. Accessed July 30, 2024. [https://www.eurodad.org/sovereign\\_esg\\_bonds\\_in\\_the\\_global\\_south](https://www.eurodad.org/sovereign_esg_bonds_in_the_global_south).
- 60 Van Lierop, Wal. "The SEC Is Fed Up with ESG Greenwashing." Forbes, June 2, 2022. <https://www.forbes.com/sites/walvanlierop/2022/06/02/the-sec-is-fed-up-with-esg-greenwashing/?sh=67b2fe27774c>.
- 61 Fresnillo, I. (2020) 'A Tale of Two Emergencies: The Interplay of Sovereign Debt and Climate Crises in the Global South (webinar)', Eurodad, [www.eurodad.org/a\\_tale\\_of\\_two\\_emergencies\\_-\\_the\\_interplay\\_of\\_sovereign\\_debt\\_and\\_climate\\_crises\\_in\\_the\\_global\\_south](https://www.eurodad.org/a_tale_of_two_emergencies_-_the_interplay_of_sovereign_debt_and_climate_crises_in_the_global_south).
- 62 Ibid.
- 63 Naik, Gautam. "Catastrophe Bond Investors Dodge Losses After Beryl Hits Jamaica." Bloomberg, July 5, 2024. [https://www.bloomberg.com/news/articles/2024-07-05/catastrophe-bond-investors-dodge-losses-after-beryl-hits-jamaica?utm\\_source=polycrisisdispatch&utm\\_medium=email&utm\\_campaign=uk-development-strategy-hurricane-beryl-jamaica](https://www.bloomberg.com/news/articles/2024-07-05/catastrophe-bond-investors-dodge-losses-after-beryl-hits-jamaica?utm_source=polycrisisdispatch&utm_medium=email&utm_campaign=uk-development-strategy-hurricane-beryl-jamaica).
- 64 ACAPS (2024) 'Jamaica. Impact of Hurricane Beryl', Country profile, 17 July 2024 [https://www.acaps.org/fileadmin/Data\\_Product/Main\\_media/20240718\\_ACAPS\\_Hurricane\\_Beryl\\_Country\\_profile\\_Jamaica.pdf](https://www.acaps.org/fileadmin/Data_Product/Main_media/20240718_ACAPS_Hurricane_Beryl_Country_profile_Jamaica.pdf).
- 65 Ibid.
- 66 Fresnillo, I. (2020) 'A Tale of Two Emergencies: The Interplay of Sovereign Debt and Climate Crises in the Global South (webinar)', Eurodad, [www.eurodad.org/a\\_tale\\_of\\_two\\_emergencies\\_-\\_the\\_interplay\\_of\\_sovereign\\_debt\\_and\\_climate\\_crises\\_in\\_the\\_global\\_south](https://www.eurodad.org/a_tale_of_two_emergencies_-_the_interplay_of_sovereign_debt_and_climate_crises_in_the_global_south).
- 67 TJN, GATJ and PSI (2021) 'The State of Tax Justice 2021', Tax Justice Network, Global Alliance for Tax Justice, and Public Services International, November 2021 [https://taxjustice.net/wp-content/uploads/2021/11/State\\_of\\_Tax\\_Justice\\_Report\\_2021\\_ENGLISH.pdf](https://taxjustice.net/wp-content/uploads/2021/11/State_of_Tax_Justice_Report_2021_ENGLISH.pdf).
- 68 Eurodad et al. (2024) 'Financing development? An assessment of domestic resource mobilisation, illicit financial flows and debt management', Eurodad [https://www.eurodad.org/financing\\_development\\_an\\_assessment\\_of\\_domestic\\_resource\\_mobilisation\\_illicit\\_financial\\_flows\\_and\\_debt\\_management](https://www.eurodad.org/financing_development_an_assessment_of_domestic_resource_mobilisation_illicit_financial_flows_and_debt_management).
- 69 Ibid.
- 70 United Nations (2022) 'World Economic Situation and Prospects', UN DESA, January 2022, page 44-45, [https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2022\\_web.pdf](https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2022_web.pdf) United Nations (2021) 'Financial Integrity for Sustainable Development. Report of the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda', February 2021, page 23-24, [https://uploads-ssl.webflow.com/5e0bd9edab846816e263d633/602e91032a209d0601ed4a2c\\_FACTI\\_Panel\\_Report.pdf](https://uploads-ssl.webflow.com/5e0bd9edab846816e263d633/602e91032a209d0601ed4a2c_FACTI_Panel_Report.pdf).
- 71 Ryding, Tove. "Historic Tax Vote Paves the Way for a UN Tax Convention." Eurodad. November 22, 2023. [https://www.eurodad.org/historic\\_tax\\_vote\\_paves\\_the\\_way\\_for\\_a\\_un\\_tax\\_convention](https://www.eurodad.org/historic_tax_vote_paves_the_way_for_a_un_tax_convention).
- 72 Mager, F., Chaparro, S. (2023) 'Delivering climate justice using the principles of tax justice. A guide for climate justice advocates', Tax Justice Network, Position paper, June 2023, <https://taxjustice.net/reports/delivering-climate-justice-using-the-principles-of-tax-justice/>.
- 73 Action Aid (2020) 'Extractive Industry Taxation', Action Aid, August 2020 <https://actionaid.org/sites/default/files/publications/Extractive%20Sector%20Taxation.pdf>.
- 74 More information on the Climate Finance Escalation Campaign is available here: <https://docs.google.com/document/d/1sjSep3JUBr180InTIV0jA1WzL6eEw6mn6y1eP-gHZxpU/edit#heading=h.6xfhdjllahf>.