

TARGETS WITHOUT TRACTION?

Do Nationally Determined Contributions fail to drive mitigation funding distribution?

Given the urgency of climate action, support to developing countries must meet their needs. This brief presents key results from a DEval evaluation on climate change mitigation through development cooperation and a corresponding scientific study conducted with the University of Amsterdam.

Aligning mitigation funding is central to equity and efficiency

The 2015 Paris Agreement highlights “specific needs and special circumstances of developing country Parties” and recognises “that enhanced support for developing country Parties will allow for higher ambition in their actions.” The Agreement thus embodies an efficiency and equity rationale for aligning climate finance with recipient priorities.

Since the Agreement’s ratification, international climate finance has nearly doubled, though funds are still seen as insufficient. This brief discusses their *quality*: how well climate finance provided as mitigation-related official development assistance (ODA) aligns with recipient priorities.

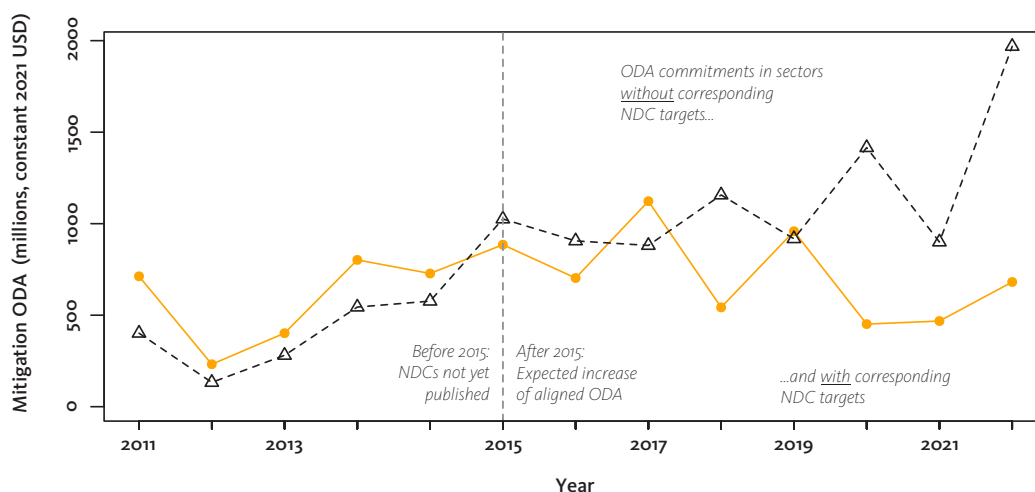
NDCs do not shift alignment

Every five years, Paris Agreement signatories must submit an updated Nationally Determined Contribution (NDC) outlining their climate change mitigation goals.¹ NDCs may include “unconditional” targets achievable with domestic resources and “conditional” targets requiring external support. The latter articulate recipient priorities for international mitigation finance.

We find that NDC publication has not led contributing countries to shift sectoral allocation of mitigation ODA. Although about one-third of mitigation ODA is oriented towards conditional targets, this does not seem to be due to purposeful alignment (see Figure 1).

The findings are based on analysis of the NDCs of 154 “non-Annex 1” countries, focusing on eight mitigation sectors.² We examine whether mitigation ODA commitments by OECD Development Assistance Committee members target sectors with corresponding conditional targets in these countries’ NDCs.

Figure 1 Mitigation ODA’s alignment with NDC conditional targets

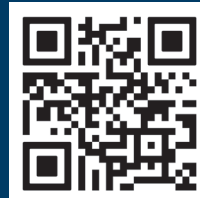


Source: DEval, own visualisation

Note: The figure shows mitigation ODA for sectors with a conditional NDC target since 2015 (orange markers) did not increase compared with sectors without a target (black triangles).

¹ Many NDCs also include adaptation-related goals, but these are not as comparable, reflecting NDCs’ original aim of conveying emissions-reducing actions.

² Agriculture; Buildings; Economy-wide; Energy; Industries; Land Use, Land-Use Change, and Forestry; and Waste.



Implementation challenges with existing policy frameworks

Our analysis indicates implementation shortcomings with the Paris Agreement that may undermine its effectiveness and stakeholder buy-in. While mitigation ODA cannot realistically meet all stated needs, our findings imply gaps in ensuring broad-based ownership of mitigation ODA – conflicting with a key principle of development cooperation.

Our results may further reflect issues with NDC quality. These documents were not designed as bankable investments, and many targets lack (realistic) cost estimates. Civil society and community participation have also been limited in many countries.

Literature

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The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development interventions. Evaluation reports contribute to the transparency of development results and provide policy-makers with evidence and lessons learned, based on which they can shape and improve their development policies.

What can be done?

1. Our results suggest a need for more transparent reporting.

A potential entry point is the "enhanced transparency framework," agreed at COP24: guidelines for reporting climate-related ODA could include the extent of alignment with stated needs. This also requires comprehensive and uniform reporting of conditional sectoral targets.

2. Building on the **outcomes of COP29**, and specifically the "Baku to Belém Roadmap" which emphasizes the importance of aligning financial support with developing countries' NDCs, **alignment should be established as a key metric for assessing climate finance effectiveness**, contributing to more ambitious quantitative targets at COP30 and beyond.



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