

October 18, 2021

Dear

Flemming Møller Mortensen, Minister for International Development Cooperation of Denmark
Anne Beathe Tvinnereim, Minister for International Development Cooperation of Norway
Per Olsson Fridh, Minister for International Development Cooperation of Sweden

COP26 is rapidly approaching, and a successful outcome is dependent on high-income countries living up to their climate finance promises. We, 36 civil society organizations across our three countries, encourage you to show Nordic leadership on this urgent topic. We appreciate the important signal sent through the Op-Ed¹ published by Sweden, Denmark and Norway calling on “*many more countries to commit to increasing their contribution to global climate finance – and a growing share of it for adaptation*”. As you clearly state in the Op-Ed, there is an urgent and increasing need for rich countries to scale up their climate finance. In this letter we share ways for you to turn these commendable ambitions into action.

Development aid and climate finance are two distinct commitments

It is important that rich countries acknowledge that climate finance is neither a matter of charity, nor traditional development assistance. In addition to the disproportionate historic responsibility that our countries bear for causing climate change, it is based on legally binding commitments. All the Nordic countries have committed to providing climate financing *in addition* to the Official Development Assistance (ODA) commitments already made. Unfortunately, there is a deeply concerning trend of meeting both commitments with the same funds.

The United Nations’ ODA target was set in 1970 to meet one challenge: poverty alleviation. Nations agreed for ODA “to reach a minimum net amount of 0.7% of its GNP” by the middle of the decade². Nearly four decades later, to meet a new and additional challenge, a separate commitment of 100USD billion in climate finance was agreed. In fact, the agreement was made right here in one of our Nordic capitals, during COP15 in Copenhagen. Therefore, while development aid aiming at eradicating poverty should of course be Paris-aligned, ODA and climate finance are two distinct commitments - and this distinction needs to be upheld.

The need for climate finance is tremendous and the Covid-19 crisis has only pushed more people into highly vulnerable situations. Every day, we see climate catastrophes ravaging communities, disproportionately hitting - first and hardest - those who have contributed the least to cause the crisis. The recent IPCC Assessment report provides a glimpse into an even darker future.

Five concrete examples of what we expect you to do internationally and at home:

1) Ensure quantity

It is crucial to note that (in part due to a lack of consensus on reporting rules), climate finance is currently over-reported. No matter how the numbers are crunched the conclusion remains the same: the provision of climate finance by rich countries has fallen very short of what was promised in Copenhagen, let alone what is actually needed to address the climate crisis. It is a testament to our collective failure that we have now passed the 2020 deadline, without reaching the \$100 billion target. We, therefore, welcome the outcome of the COP26 July Ministerial: for Germany and Canada to lead a process for rich countries

¹ First published in [Altinget](#) (June 18, 2021), signed by the current Ministers of International Development Cooperation of Denmark and Sweden and Dag Inge Ulstein, Minister for International Development Cooperation of Norway, at the time.

² UN General Assembly Resolution A/RES/2626(XXV) of 24 October 1970 (para. 43).

to publish a concrete plan to collectively deliver the minimum of \$100 billion a year until 2025. To compensate for current shortfalls in 2020-2021, the plan should provide sums above \$100bn in 2022-2025. **We expect Nordic countries to offer to actively assist in making this delivery plan a success.**

2) Ensure quality

While the overall amount is vital, it is also important to ensure that the money is mobilized and reported in a just manner. Climate finance must be additional to ODA and the contributions - contrary to the current global trend - should also be (mostly) grant-based. To prevent over-reporting and ensure transparency, only the grant element of loans should be counted. Overall, it is crucial for countries to commit to transparent and common reporting standards. Adaptation is a global responsibility. Funding towards mitigation and adaptation is intended to be split evenly. Currently, this balance is however heavily skewed towards mitigation. **Therefore, Nordic countries should lead by bilaterally committing to scaling up adaptation finance to begin to rectify the global imbalance - ideally with most of the money reaching locally-led projects.** To further ensure the quality of climate finance, Nordic countries should also work actively for all climate finance, both bilateral and multilateral, to apply a rights perspective that guarantees participation, accountability, non-discrimination and gender responsiveness.

3) Loss and damage

As a global community we have - for decades - failed those living on the frontline of climate change. As a result, these vulnerable communities have increasingly reached the limits of adaptation and are now experiencing atrocious loss and damage. It is, for example, impossible to adapt if your entire island has been submerged due to rising sea levels. There is a (long overdue) need for adopting financing solutions for loss and damage, as well as social protection and insurance mechanisms. For every day wasted, more lives are put on the line. **During COP26, the Nordic countries should - in cooperation with the group of most vulnerable countries - actively engage in the operationalisation of the Santiago Network on Loss and Damage, with a focus on securing immediate additional finance for loss and damage.**

4) Take the lead in the process (starting at COP26) to ensure an ambitious needs-based post-2025 goal

Before 2025, countries must set a new collective climate finance goal from a floor of USD 100 billion per year. We expect to see Nordic countries take the lead in ensuring an ambitious and inclusive process around the post-2025 goal. Above all, the goal must be determined based on the needs of the most affected countries and communities, rather than the political will (or lack thereof) in donor countries. The goal must take advantage of lessons learned from the current goal and be designed to avoid any confusion about who has to deliver what kind of climate finance by when. Intermediate targets, sub-targets, and clear definitions must be part of the goal. **We call on Nordic countries to work diligently to ensure that future climate finance is agreed to be additional to ODA; that loans are counted at face value; and that reporting of climate finance is precise.**

5) Lead by example

Finally, while pursuing these ambitious objectives abroad, we also hope to see you adhering to international commitments at home. Namely, in **Denmark**, we note with concern that aid is currently at its lowest level in 40 years - just barely reaching 0.7% of GDP. While other Nordic countries set a good example by delivering climate finance beyond the 0.7% ODA target, disappointingly, Denmark diverts its climate finance from ODA coffers. We expect to see this rectified in next year's National Budget.

In **Norway**, a new parliament and new government offer the opportunity for renewed efforts regarding climate finance. A plan for rapidly increasing climate finance, making use of a diverse range of bilateral and multilateral funding channels, is long overdue, and should address the fact that adaptation has been massively underfunded.

We commend **Sweden's** large grants-based climate finance contributions and the recent announcement of further increases. However, the Swedish government should establish a separate budget target for climate finance, which is additional to its 1 percent of GNI target for ODA. In line with its feminist foreign policy, Sweden should also work more actively to ensure global implementation of the enhanced Lima work programme and its Gender Action Plan, including ensuring gender-responsive climate finance.

We are encouraged to read in your Op-Ed that you “are working purposefully for progress in the climate negotiations”. By immediately making it a priority to act on the list of suggestions above, you help rebuild the trust urgently needed for COP26 to be a success. Again, we appreciate your joint initiative in increasing awareness of the climate finance gap, and we look forward to cooperating with you in your efforts.

Best Regards,

Sweden

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