



Climate Finance and Ireland

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dóchas

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Contents

1. Methodology	3
2. Executive Summary	4
3. Introduction	7
4. Climate Finance – the Quantum	11
5. Leadership	13
Ireland and the SDGs	14
Ireland and financing for development	14
Ireland and the EU	15
Domestic Politics	16
6. Quality of Finance	17
Strengthening Gender Equality through Climate Action	17
Public grant-based funding	18
7. Recommendations	20
8. Interviewees	22

1. Methodology

This report makes the case for maintaining Ireland's broad and grant-based approach, and for Ireland to extend its leadership and commitment to support for climate-vulnerable countries, through increased climate finance and Loss and Damage funding.

This included officials from the Department of Foreign Affairs and Trade (Climate Unit), Department of Agriculture, Food and the Marine, and the Department of Finance. Attempts to secure an interview with the Department of Climate, Energy and the Environment were unsuccessful, although it did take part in a subsequent meeting to discuss a draft version of the report along with the Department of Foreign Affairs.¹ Interviews or questionnaire-based interviews were also conducted with Dóchas members (8) and a number of international civil society organisations (5).

The interviews primarily focused on the implications for Ireland of the outcome from the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in Baku, Azerbaijan, in November 2024. The research was limited by the finite number of days available to carry out the analysis and interviews and by the lack of more up-to-date data on Irish climate finance contributions. The most recent data available is from 2022, detailed in the Climate and Environmental Finance report published by the Department of Foreign Affairs and Trade in 2023.² This report uses the terms “developing countries” and “developed countries” to describe countries of the global north and global south. These terms are used within the UNFCCC to categorise countries at different levels of industrialisation and wealth. This report acknowledges the failings of these terms but has opted to use them for the purposes of establishing some consistency with the UNFCCC. The report is intended to provide an informed assessment of the global situation

relating to climate finance as it stands today, and Ireland's place within that. It is hoped that it will assist Irish civil society's engagement with key stakeholders on climate finance in the coming years.

“The NCQG [New Collective Quantified Goal] agreed at COP29 is a catastrophic failure and a devastating blow to global climate action. The climate finance goal is woefully inadequate, unjust, and a stark betrayal of the vulnerable nations already suffering the brunt from the crisis they did not cause.

This summit should have been a turning point. Instead, it has left us with hollow words from rich countries, broken promises, and growing distrust. The inaction displayed at COP29 will cost lives and destroy livelihoods. This is not just disappointment – it is unforgivable negligence.”

– Salomé Lehtman, Mercy Corps.³

¹ Meeting held with Dóchas, Dublin, 10 April 2025.

² Ireland's Climate and Environmental Finance Report, 2023

³ quoted in 'Betrayal in Baku: Developed Countries Fail People and Planet', Climate Action Network (CAN) website (2024).

2. Executive Summary

This report makes the case for maintaining Ireland's broad approach to climate finance, one that is grant-based and focused on the adaptation needs of the most climate-vulnerable countries.

This approach is even more important in light of the disappointing outcome at COP29 in Baku, and the diminishing resources for development funding more widely due to global political decisions made in its aftermath. Following the widespread cuts in international humanitarian and development aid in 2025, the Irish government stated its commitment to retaining and increasing its levels of support to the most vulnerable people in the world.⁴ This commitment should go further and extend to climate finance and loss and damage support for people most at risk.

In this new post-Baku context, Ireland can play a leadership role at both a European and at the global level in promoting greater focus on the adaptation needs of Least Developed Countries (LDCs) and Small Island Development States (SIDS) and encouraging greater provision of climate finance in the form of grants. Ireland can also demonstrate leadership by putting in place a roadmap for reaching its fair share of climate finance, and loss and damage contributions. However, it is clear that policy incoherencies that undermine development objectives, and an ongoing struggle to reduce emissions in line with legal obligations, risk making Irish climate finance efforts moot.

The quality of Irish climate finance is viewed as mainly positive.⁵ It focuses mainly on climate-vulnerable countries, in particular LDCs and SIDs. It has also been commendably gender-responsive, recognising the intersection of gender inequality and climate change. To date Irish climate finance has been delivered in the form of grants as opposed to loans and has

been orientated towards the adaptation needs of countries. This has ensured that funds have been largely directed to where the need is greatest. However, it is important to note that Irish grants to multilateral institutions, such as multilateral development banks (MDBs), UN funds and other international bodies, which makes up the majority of its funding,⁶ are grants only at the point of disbursement and could later be converted to loans by these organisations. This is an area that requires more oversight.

The figure for the NCQG agreed at COP29, USD300 billion, fell well short of what developing countries need to adapt to a rapidly changing climate, estimated to be closer to USD1.3 trillion.⁷ This has increased pressure on countries to find ways to bridge the gap. Of concern is that the gap will most likely be filled through the provision of loans and the leveraging of private sector finance – both of which have problematic outcomes for development. Loans are deemed inappropriate as they add to the debt burden of countries already struggling with repayments, while private sector investment tends to flow towards large mitigation projects, where there is a clear profit opportunity, thus neglecting the adaptation needs of many of the most climate-vulnerable countries.

As Ireland embarks on a review and update of its Climate Finance Roadmap, it is important that any increase in climate finance contributions continues to be grant-based, gender-responsive and focused on the adaptation needs of the most climate-vulnerable countries, in particular SIDS and LDCs.

⁴ 'Minister says Ireland will not cut aid budget, unlike other countries - and should increase it instead,' The Journal, 21 April 2025.

⁵ This view is expressed by Christian Aid Ireland and Trócaire in their report 'The Cost of Inaction: Ireland's fair share of Loss & Damage finance' (2023) in addition to a number of those interviewed for this report.

⁶ See Table 1: Ireland's Climate and Environmental Finance Report, 2023.

⁷ The Baku to Belém Roadmap to 1.3T, UNFCCC (2024)

Although the quality of Irish climate finance is considered mainly positive, the country still has some way to go before achieving its fair share of climate finance contribution. Ireland's current target of €225 million per year falls well short of the minimum €500 million⁸ per year it should be contributing, based on historical responsibility and the state's capacity to pay.⁹ This is separate from Ireland's fair share of the Loss and Damage Fund, which is estimated to be €1.5 billion per annum by 2030.¹⁰

While these are significant figures, there are several potential revenue-raising options that Ireland needs to consider before defaulting to the use of loans and private sector finance. For example, a progressive wealth tax in Ireland has the potential to raise €9.2 billion a year,¹¹ and would be in keeping with the fundamental UNFCCC principle of making the polluter pay.¹² Other global revenue-raising initiatives include redirecting the USD7 trillion in global fossil fuel subsidies¹³ to cleaner initiatives, windfall taxes on fossil fuel companies and levies on shipping and aviation. It could be argued that there is no shortage of money – just a shortage of political will to redirect money away from damaging, unsustainable activities towards the public good.

Ireland should consider ways to broaden its tax base through progressive domestic taxation and engage constructively with international revenue-raising initiatives and efforts to reform the international financial architecture.

This paper also recognises the importance of ensuring a just transition for workers in Ireland – another form of climate adaptation. New revenue streams to support the transition of these workers to greener initiatives will reinforce the view that climate finance, and adaptation, are global issues that affect ordinary citizens across the globe. Ensuring adequate funds are available for a just transition for workers in Ireland will also address any suggestion that international climate finance is blind to their needs.

Regardless of its quality or quantity, the impact of Irish climate finance will continue to be undermined until fundamental incoherencies at the heart of Irish policy-making are tackled. Every year, billions of euro worth of investments in fossil fuel projects in the global south are managed through Ireland. Ireland plays a particularly significant role in the flow of international finance, much of which is inconsistent with Irish development objectives, and undermines the effectiveness of our climate finance contributions.¹⁴ These flows are mainly regulated by European law, with which Ireland complies. However, given Ireland's disproportionate role in the global financial architecture, there is an obligation on the state to do more to address these inconsistencies, and to view EU regulation as a floor rather than a ceiling.

The COP in Baku was a major setback for international cooperation on climate action. The failure to agree on a figure that reflected the actual needs of developing countries, and the manner in which COP negotiations were chaired, damaged north–south cooperation, set back the efforts of developing countries to transition towards clean, renewable energy sources, and further compromised global efforts to reduce global warming. None of these things has a quick fix and will require a significant increase in ambition globally under the UNFCCC process. The onus will be on traditionally progressive countries like Ireland to demonstrate the kind of leadership that will restore north–south trust and reaffirm the fundamental principles of the UNFCCC.

In the short term, Ireland is well placed to play a leadership role and demonstrate its commitment by setting out a roadmap showing how it intends to achieve its fair share of climate finance and loss and damage contributions. This would be a valuable contribution as acknowledged by many of the people interviewed for this report. However, in the long term, a more meaningful

⁸ The figure of €500m is based on the NCQG of USD100bn agreed in 2009 at COP15. With the NCQG now standing at USD300bn it is expected that Ireland's fair share will amount to €1.5bn to reflect the increased ambition

⁹ 'The Cost of Inaction: Ireland's fair share of Loss & Damage finance', Trócaire and Christian Aid (2023)

¹⁰ *ibid*

¹¹ 'A New Social Statement is needed to Tackle Gross Inequality,' Oxfam Ireland (2024).

¹² There is also a clear and consistent correlation between both income or wealth and carbon emissions shown in Trócaire and Christian Aid Ireland's updated 'The Cost of Inaction: Ireland's fair share of Loss & Damage finance' report (2023), see P50 onwards.

¹³ IMF Fossil Fuel Subsidies Data: 2023 Update

¹⁴ There are numerous examples of how Irish tax policy is playing a role in undermining the tax-take of developing countries, for example ActionAid Ireland's 'How the Finance Flows: The banks fuelling the climate crisis' (2023) and in this coverage in *The Irish Times*.

and impactful contribution from Ireland would be to address the inconsistencies at the heart of its policy-making that continue to undermine the impact of its climate finance and broader development objectives. It also behoves the state to take corrective action to ensure it achieves

its legally binding target of reducing emissions by 51% by 2030, and to reach net zero by 2050. Failing to reduce Ireland's own emissions undermines the effectiveness of its climate finance and damages its role as a good faith actor.



3. Introduction

To understand Ireland's role in the provision of international climate finance, it is essential to recognise what emerged from the COP29 – dubbed 'the finance COP' – held in Baku, Azerbaijan, in November 2024.

After three years of finance-related negotiations, it was the UN climate conference (under the UNFCCC) at which negotiators were to finally agree to a new amount of money that developed countries were to pay to developing countries to enable them to transition away from fossil fuel use, and to adapt to the changing climate. A more ambitious figure was to replace the USD100 billion that had originally been agreed at COP15 in Copenhagen in 2009. The money (a politically agreed figure rather than one reflective of the actual climate finance needs of developing countries) was a recognition of the responsibility that developed industrialised countries have for the climate crisis, and their obligation to assist developing countries to adapt to climate change – a fundamental principle of the UNFCCC.

Developing countries entered the negotiations in the expectation that any new figure agreed would this time actually reflect the needs of climate-vulnerable countries (estimated conservatively to be at least USD1.3 trillion per year¹⁵), strengthen north–south cooperation and provide a much-needed boost to the multilateral system that in 2024 had failed to deliver agreements at both the UN Biodiversity Conference in Colombia and the UN Global Plastics Treaty Conference in South Korea.

It was also hoped that adequate finance would prompt greater ambition in countries as they finalised their emission reduction plans (Nationally Determined Contributions) to be submitted to the UNFCCC in 2025. But despite the high hopes, and the increasing evidence of countries

experiencing catastrophic impacts of climate breakdown, COP29 ended in anger and recrimination.

The final agreement on climate finance, known as the New Collective Quantified Goal (NCQG), was roundly condemned by climate justice activists and many developing countries as a betrayal, a deal of “*smoke and mirrors that betrays the needs of those on the frontline of the climate crisis*”¹⁶, an “*embarrassment*” in which “*countries of the global north once again showed their true colours*”¹⁷, “*a disaster*”¹⁸ for developing countries. Some countries, including India, Nigeria and Bolivia, rejected the NCQG outright.

Avantika Goswami, of the Centre for Science and Environment in India, described Baku as being “*the last remaining window for the North to step up, pay its fair share, and restore some semblance of trust in the multilateral process. But they failed*”.



¹⁵ [A new climate finance goal is on the horizon. How can developing countries benefit?](#), UNCTAD (November 2024)

¹⁶ Chiara Martinelli, Director, Climate Action Network Europe, quoted in ‘[Betrayal in Baku: Developed Countries Fail People and Planet](#)’, CAN website (2024).

¹⁷ Nikki Reisch, Center for International Environmental Law (CIEL), Director of Climate & Energy Program, *ibid*.

¹⁸ Avantika Goswami, Programme Manager, Climate Change, Centre for Science and Environment (CSE) India, *ibid*.

The NCQG was criticised for a number of reasons:

1. The USD300 billion figure was far below even the most conservative estimate of the needs of developing countries. Developing countries had entered the negotiations calling for a figure of USD1.3 trillion. That figure was supported by the UN Standing Committee on Finance, which estimated developing countries would need at least USD5–6 trillion per year by 2030¹⁹.
2. The NCQG places responsibility on developed countries to take the lead in mobilising at least USD 300 billion per year by 2035 for developing countries, “from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources”²⁰. This dilutes the obligation to deliver on their historic responsibility to provide grant-based new and additional climate finance.²¹ It also leaves the door firmly ajar for the new finance targets to be met through loans and private finance leveraged through public money, both of which are problematic in terms of their development outcomes.²¹
3. The bulk of the NCQG is envisaged as being in the form of loans.²² The provision of climate finance in the form of loans will push countries further into debt. According to a 2023 report by ActionAid, 93% of climate-vulnerable countries are already in or at risk of debt distress.²³ A Christian Aid report also states that 34 African countries already spend more on external debt repayments than on healthcare or education.²⁴ As well as pushing countries deeper into debt, it will prolong their reliance on fossil fuel industries that generate the currency in which loans must be repaid, worsening the climate crisis. The prioritisation of loans was described as a diversion by Alison Doig of Recourse: “[it] will enable private sector profit-making out of the climate crisis and allow developed countries to dodge accountability.”²⁵
4. The absence of any specific commitment to public grant-based funding within the NCQG increases the reliance on the private sector to deliver climate finance, which is problematic for a number of reasons. Private sector involvement is most suited to projects where profit opportunity is clear, such as supporting the transition away from fossil fuels and the scale-up of renewable energy projects. But in the most marginalised communities where access is difficult, and profit opportunity unclear, or where communities are already having to contend with the cost of loss and damage, only grants will be appropriate. Previous civil society reports have shown that increases in global clean energy investment in the last decade have been overwhelmingly limited to OECD countries and China, with the low- and lower-middle income countries that make up 42% of the population receiving just 7% of investment in 2022.²⁶ Christian Aid’s 2024 report on climate finance highlights the difficulty that climate-vulnerable countries face in attracting private finance. For example, Small Island Development States (SIDS) were only able to access 9% of private climate finance from 2016 to 2022, having been judged too risky.²⁷
5. A more in-depth analysis of the NCQG reveals that the figure could be met with little to no additional money being made available to developing countries.

¹⁹ UNFCCC Standing Committee on Finance: [Second report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement \(2024\)](#)

²⁰ UNFCCC COP 29, Decision CMA 11, [New collective quantified goal on climate finance](#), November 2024

²¹ [Putting Our Money Where Our Mouth Is: Why We Need Public Climate Finance](#), Christian Aid (2024)

²² *ibid*

²³ [‘The Vicious Cycle: Connections Between the Debt Crisis and Climate Crisis’](#), ActionAid (2023).

²⁴ [‘Between Life and Debt’](#), Christian Aid (2024).

²⁵ [Developed countries hide behind MDBs to avoid their responsibility to pay up](#), The Big Shift Global, (November 2024)

²⁶ [‘The Road to COP29: Shifting and unlocking trillions for a just energy transition’](#), Oil Change International (2024).

²⁷ [‘Putting Our Money Where Our Mouth Is: Why We Need Public Climate Finance’](#), Christian Aid (2024).

A combination of commitments made by countries in advance of COP29, reforms at multilateral development banks (MDBs) that will see increased funding to climate-related projects and the inclusion of contributions from China for the first time, as well as flows between developing countries (south–south flows), mean that the new figure can be achieved with virtually no additional budgetary effort from developed countries (China is viewed as a developing country under the UNFCCC because of its relatively low historical contribution to climate change). It was also noted that when adjusted for inflation, the USD300 billion target could shrink by about a quarter.²⁸

In addition, the timeline for realising the USD300 billion extends to 2035, meaning countries already on the frontline of the climate crisis are unlikely to see any new money materialise before midway into the next decade. In many ways, the NCQG appears to be an exercise in increasing the number of initiatives that may count towards climate finance – but crucially with no increase in grants.

6. There is a risk that the inadequacy of the NCQG stalls developing countries' transition to renewable energy. Adequate climate finance would accelerate the shift to renewables and allow countries to leapfrog dirty fossil fuel dependency. Meanwhile, fossil fuel industries continue to receive USD7 trillion in subsidies per annum,²⁹ and the UK, US and other

countries all intend to continue expanding fossil fuel exploration and investment.

7. No progress was made on loss and damage. Negotiators failed to build on the historic establishment of a Loss and Damage Fund at COP28 in Dubai and it remains hugely under resourced. Proposals from developing countries to include three subcategories of finance goals under the NCQG – adaptation, mitigation, and loss and damage – were also resisted by developed countries and did not appear in the final Baku outcome text. The inclusion of these subcategories would have provided greater transparency in financial flows.
8. The Baku outcome was a blow not only to developing countries' climate action efforts, but also to multilateralism. North–south cooperation was damaged, and trust between developed and developing countries seriously eroded. The principle of common but differentiated responsibilities, and the principle that the polluter pays – both fundamental to the UNFCCC – were largely disregarded. This leaves the Brazilian hosts of COP30 with the gargantuan task of restoring trust in the process, and to secure an agreement on revising upwards the USD300 billion figure closer to the actual needs of climate-vulnerable countries. The Baku to Belém Roadmap,³⁰ agreed hastily in the last hours of COP29, was an effort to start that process, but the roadmap lacks specifics and any real commitments.

²⁸ 'Analysis: Why the \$300bn climate-finance goal is even less ambitious than it seems,' Carbon Brief website (2024).

²⁹ 'Climate Change: Fossil Fuel Subsidies', IMF website.

³⁰ [Draft decision -/CMA.6 New collective quantified goal on climate finance and Baku to Belém Roadmap to 1.3T](#), UNFCCC.

This report assesses the implications of Baku for Ireland against this new and stark reality.

How can Ireland, considered by many to be a traditionally progressive voice on climate finance, continue to play a positive role against a backdrop of increasing national self-interest globally, a trend towards loans rather than grants and an abdication of responsibility from the state to the private sector to deliver climate finance to those in most need?

This report looks at three areas:

1. The quantity of Irish climate finance.

What is Ireland's fair share of climate finance set against the new NCGQ? Does Ireland's Climate Finance Roadmap need to be revised in light of the Baku outcome? And how can Ireland sustainably increase its contributions?

2. Irish leadership on climate finance domestically and internationally.

Ireland's overall climate finance contribution is relatively small in absolute terms. In many respects, its most important contribution is demonstrating national and international leadership. With a new government in 2025, what can it do to ensure that Ireland plays a progressive role in climate finance, particularly as the world moves towards the expiry of the Sustainable Development Goals (SDGs) in 2030?

3. The quality of Irish climate finance.

With pressure to increase the quantity of climate finance, how can Ireland ensure that it remains in the form of grants and does not see an increase in distribution through MDBs or the private sector, both of which have proved problematic in terms of the impact of their loans or investments?³¹

³¹ [Putting Our Money Where Our Mouth Is: Why We Need Public Climate Finance,](#) Christian Aid (2024)

4. Climate Finance – the Quantum

The NCQG of USD300 billion on climate finance was roundly criticised by developing countries and civil society, including Irish civil society, as fundamentally failing to adequately resource the radical transformations needed to address the climate emergency.

In advance of Baku, estimates from a range of sources pointed to the need for trillions of dollars annually for developing countries to support their adaptation to a hostile climate. The Climate Policy Initiative, for example, estimates that annual climate finance needs will steadily rise from USD8.1 trillion to USD9 trillion through 2030, before surging to over USD10 trillion annually from 2031 to 2050. The NCQG preamble itself acknowledges the scale of need in developing countries is on the order of trillions, not billions, annually for climate action between now and 2030, with the text noting with concern: *“the gap between climate finance flows and needs, particularly for adaptation in developing country Parties”*.³²

While Ireland has made steady progress in increasing its climate finance contributions since 2010 and is likely to meet its own target of €225 million per year in 2025, that amount still falls considerably short of what is deemed Ireland's fair share. Irish civil society has previously estimated that Ireland's fair share of climate finance (addressing mitigation and adaptation needs only), based on the USD100 billion figure, is €500m per annum. This figure is based on a methodology employed by Stockholm Environment Institute's framework for distributive equity of climate finance, which reflects a

country's historical responsibility for climate change, and its ability to pay.³³ With the NCQG representing a threefold increase on the USD100 billion figure, Ireland's new fair share is likely to be closer to €1.5 billion annually.

However, in estimating what Ireland's fair share should be, consideration must also be given to the figure of USD1.3 trillion³⁴ around which developing countries coalesced as part of their negotiating position in Baku. There is a danger that in considering what Ireland's fair share of the USD300 billion might be, legitimacy is given to a figure that has been rejected as inadequate for the needs of countries on the frontline of climate change.³⁵ Like the USD100 billion set at the Copenhagen Climate Summit in 2009, the USD300 billion is a 'politically agreed' figure, and bears no relation to either the needs of developing countries or the historical responsibility of rich countries.

Ireland's Climate Finance Roadmap,³⁶ which has guided the country's approach to climate finance since 2022, is expected to be reviewed and updated in advance of the 2026–2030 period. This will present an opportunity to introduce a step change in Ireland's climate finance commitments, and to develop a clear strategy for achieving a climate finance contribution in line

³² [Global Landscape of Climate Finance 2023](#), Climate Policy Initiative, and [CMA 6 agenda item 11\(a\) New collective quantified goal on climate finance](#), UNFCCC.

³³ For more detail on the evidence-base behind these estimates, see 'The Cost of Inaction: Ireland's fair share of Loss & Damage finance', Trócaire and Christian Aid (2023): (P48) "A growing body of academic research has focused on dividing up international climate targets into national 'fair shares', including for financial support" (and footnote 246) "Two prominent 'fair shares' estimates are introduced below. See also: Climate Action Tracker (2023) 'Summary of Fair Share Methodologies'; World Resources Institute (2021) 'Are Countries Providing Enough to the \$100 Billion Climate Finance Goal?'; Athanasiou, Holz & Kartha (2022) 'Fair Shares – lesson from practice, thoughts on strategy.'"

³⁴ Multiple estimates put developing needs in excess of USD1 trillion per year, e.g., UNCTAD, 'A new climate finance goal is on the horizon. How can developing countries benefit?' (2024) and 'Raising ambition and accelerating delivery of climate finance,' Third Report of the Independent High-Level Expert Group on Climate Finance, The London School of Economics and Political Science Grantham Institute (2024).

³⁵ In conversation with Teresa Anderson of ActionAid International.

³⁶ Government of Ireland, [Ireland's International Climate Finance Roadmap 2022](#).

with its fair share. This should be separate from, and in addition to, Ireland's commitment to reach 0.7% GNI in Official Development Assistance (ODA), and its fair share contribution to the Loss and Damage Fund, which a 2023 report from Trócaire and Christian Aid estimated to be €1.5 billion by 2030.³⁷

Certainly, reaching the fair share estimates is a challenge. By way of illustrating the scale of this challenge, Ireland has struggled to reach the internationally agreed target of spending 0.7% of GNI on ODA, a commitment that has been in place since a UN General Assembly resolution in 1970. Excluding in-country refugee costs, in 2024 Ireland's ODA spending on overseas aid was only 0.34% of GNI.³⁸

Department of Foreign Affairs officials who contributed to this report have argued that the scale of the climate finance needs of developing countries makes the use of targeted (albeit concessional) loans and leveraged private sector finance, which aligns with Ireland's climate finance principles necessary and inevitable. But implicit in this pragmatic assessment is that all other progressive revenue-raising possibilities have been exhausted.

Tasneem Essop, Executive Director of Climate Action Network (CAN), interviewed for this report, made the point that although countries of the global south appreciate the constraints on the finances of governments of the global north, at the same time *"the world is funding fossil fuel industries with trillions every year while infinite amounts of money have been made available for extremely costly wars"*.

There is extensive research that underlines this claim. Analysis from the International Monetary Fund (IMF) found the total subsidies for oil, gas and coal in 2022 amounted to USD7 trillion, equivalent to 7% of global GDP and almost double what the world spends on education.³⁹

Many of the same companies have also enjoyed record profits in recent years. The five largest western oil and gas companies – Exxon, Chevron, Shell, BP and Total Energies – alone recorded USD200 billion in profits, while bank financing to the fossil fuel industry in developing countries reached an estimated USD3.2 trillion in the seven years since the UNFCCC Paris Agreement was adopted.⁴⁰ It is estimated that an additional tax on the largest fossil fuel companies based in the wealthiest OECD countries could raise as much as USD720 billion by the end of the decade.⁴¹

Research by Oil Change International⁴² also suggested that rich countries could raise five times the money that poor countries are calling for in climate finance through windfall taxes on fossil fuels, a wealth tax on billionaires and ending harmful fossil fuel subsidies. It seems there is no shortage of public funds, only a shortage of political will to channel public funds away from destructive activities and towards the public good.

An effective and sustainable way of raising revenue domestically would be to implement a broad-based progressive taxation – this should be the basis for governments to reach their climate finance obligations. For example, Oxfam Ireland estimates that a progressive wealth tax on Irish millionaires and billionaires could generate up to €9.2 billion a year.⁴³

Trócaire and Christian Aid Ireland's 'The Cost of Inaction' provides a detailed assessment⁴⁴ of a range of options available today, all of which need to be fully explored by the government before it accepts the necessity or inevitability of private sector finance and loans. In addition, Ireland should explore revenue-raising possibilities at an international level, such as shipping levies, a frequent-flyer levy, excess profits or windfall tax and debt relief.

³⁷ 'The Cost of Inaction: Ireland's fair share of Loss & Damage finance', Trócaire and Christian Aid (2023),

³⁸ OECD DAC Explorer, October 2025

³⁹ 'Fossil Fuel Subsidies Surged to Record \$7 Trillion,' IMF blog (2023).

⁴⁰ 'How the Finance How the Finance Flows: The banks fuelling the climate crisis,' ActionAid (2023).

⁴¹ 'Taxing big fossil fuel firms 'could raise \$900bn in climate finance by 2030', The Guardian, 29 April 2024.

⁴² 'Road to COP29: Shifting and unlocking trillions for a just energy transition,' Oil Change International (2024).

⁴³ Inequality Inc. Press Release, Oxfam Ireland (2024).

⁴⁴ 'The Cost of Inaction: Ireland's fair share of Loss & Damage finance', Trócaire and Christian Aid (2023), P50 onwards.

5. Leadership

While Ireland's contribution to climate finance is relatively small, it can take other significant steps to tackle the climate crisis, for example by ensuring that the state is living up to its national obligations to reduce emissions and to mitigate or eliminate any policies that are exacerbating the situation.

The provision of climate finance is an acknowledgement of the ecological debt that rich industrialised countries owe to developing countries. But that fundamental concept of climate justice is seriously undermined if developed countries like Ireland fail to play their part in reducing emissions or continue to implement policies that add to global warming.

If the state is to reduce emissions sufficiently to transition to a zero-carbon society, change, in some cases fundamental, to how Irish society functions (for example, our energy, farming and transport sectors) will be required. Strong political leadership will be necessary to ensure this transition happens successfully, and in a just and equitable manner. In this respect, the work of the recently established Just Transition Commission⁴⁵ will be crucial. A just transition must also be adequately resourced to minimise the potential hardship to those in Ireland most directly affected by the move to cleaner, greener practices, and to avoid the possible perception that international climate finance policy is blind to the implications for workers in Ireland.

Ireland has an ambitious Climate Action Plan⁴⁶ that aims to reduce emissions by 51% by 2030, and to net zero by 2050. But analysis by the Environmental Protection Agency shows that the state is not on course to deliver these reductions. If all planned climate policies and measures are fully implemented, the state is likely to deliver only a 29% reduction by 2030.⁴⁷

UN Secretary General António Guterres rightly described climate finance “*not as charity, but as an investment*”.⁴⁸ But without developed countries like Ireland upholding their end of the bargain by reducing emissions, that investment will not generate the optimum returns.

With a new Irish government in place since January 2025, now is the ideal opportunity for the state to recommit to national reduction targets, and to make the necessary adjustments to place Ireland on the right course to achieve its targets and play its role in reducing global temperatures.

It is also a good time to review other government policies that may inadvertently be undermining Irish efforts to support climate-vulnerable countries.

For instance, Irish civil society has previously demonstrated how Ireland functions as a channel for global institutional investors to profit from their fossil fuel investments in the global south. According to a 2025 report by Trócaire and ActionAid⁴⁹ financial subsidiaries of investment companies registered in Ireland held over €31 billion in bonds and shares issued by fossil fuel companies, as of June 2024. These investments, enabled and incentivised by Irish fiscal policy, are sustaining fossil fuel industries in the global south and worsening the climate crisis. While the government maintains that private finance flows are regulated through EU directives and regulations,⁵⁰ none of these frameworks sufficiently mandates a transition from fossil fuels.

⁴⁵ Government of Ireland, 'Just Transition Commission Terms of Reference' (2024)

⁴⁶ Government of Ireland, [Climate Action Plan 2024](#).

⁴⁷ 'Ireland is projected to exceed its National and EU climate targets,' EPA Press Release 27 May 2024.

⁴⁸ 'Climate finance is not charity. It is an investment,' UN News 19 November 2024, and 'How the Finance Flows: The banks fuelling the climate crisis,' ActionAid (2023).

⁴⁹ [The hidden truth: Ireland's role in the global fossil fuel industry](#), Trócaire and Action Aid (2025)

⁵⁰ Email to ActionAid from Minister Michael McGrath, September 2023, in response to publication of Action Aid report, 'How the Finance Flows', Action Aid (2023).

In the main, these directives serve to improve transparency, with some minimal incentives for greener investments. Arguably, given Ireland's disproportionate role in the global economy, the state has a responsibility to address these incoherencies.

Furthermore, Ireland's role as an enabler of these practices is at total variance with its international climate policy. It undermines Irish development aid and the impact of Irish climate finance contributions. It is inconsistent policy to, on the one hand, provide climate finance to climate-vulnerable countries, and on the other, facilitate a practice that is adding to these same countries' vulnerabilities. Ireland's credibility as a good actor on climate risks being undermined for as long as these practices continue to be facilitated.

Ireland and the SDGs

Ireland played a key role in securing international agreement and the adoption of the SDGs in 2015. Under Ireland's and Kenya's stewardship, the 17 goals were unanimously adopted by the UN General Assembly and remain the most important international framework articulating an agreed vision and principles for a more sustainable and just future.

The current government is likely to be in place when the SDGs are reviewed in 2030, and for each of the annual SDG summits in the coming years. Climate finance is acknowledged in Ireland's Climate Finance Roadmap as forming part "*of Ireland's contribution to the implementation of the Paris Agreement, Agenda 2030 and the 17 Sustainable Development Goals (SDGs)*".⁵¹ In order for Ireland to continue in a position of leadership, it is crucial that it can demonstrate success in achieving the SDGs and especially Goal 13, Climate Action. 2030 is a milestone year for climate targets globally, including in Ireland, where the state is required by law to have achieved a 51% cut in emissions. Therefore, success in Goal 13 will carry added significance.

Within Goal 13, of particular relevance to climate finance is Target 4, which calls on countries to "*implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly USD100 billion annually by 2020 from all sources to address the needs of developing countries*". However, as reported by Oxfam, developed countries failed to raise that figure by 2020, and of the money that was raised, the real value of financial support specifically aimed at climate action was only around USD21–24.5 billion.⁵² Ireland's contribution to that goal falls well short of what is considered its fair share.

The success of the SDGs does not hang on any one goal, but the inadequacy of the NCOG at COP29, and the damage done to the multilateral system as a consequence, increases the political pressure on the UN summit in 2030 to do better, especially regarding Goal 13. Scaling up its climate finance commitments and working with other like-minded states between now and 2030 to raise ambition, in terms of both quantity and quality, should be a priority for Ireland if it is to contribute to the success of the summit in the most effective way.

Ireland and financing for development

The fourth Financing for Development Conference (FfD4) that took place in Seville, Spain, in July 2025 was a once in a decade (the previous one was held in Addis Ababa in 2015) opportunity for countries to come together, under the auspices of the UN, to improve the effectiveness of the international financial architecture and its ability to deliver better development outcomes. It provided a key opportunity to reform financing at all levels, including to support reform of the international financial architecture⁵³ and consider the global response to the interconnected economic, climate, environmental and inequality crises. The following areas are of particular concern to Dóchas members, on which they have

⁵¹ Government of Ireland, [Ireland's International Climate Finance Roadmap 2022](#).

⁵² 'Oxfam Shadow Climate Finance Report 2023: Assessing the delivery of the \$100 billion commitment,' (2023).

⁵³ The 4th International Conference on Financing for Development was held in Seville from 30 June to 3 July 2025.

consistently advocated for in Ireland and at in various multilateral fora, in collaboration with global civil society partners:

In particular:

Debt

ActionAid research shows that 38 out of the 63 most climate-vulnerable countries are already spending so much on debt servicing that they are cutting spending on public services.⁵⁴ Indeed, research published in October 2024 found that the least developed countries are spending twice as much on servicing their debts as they are receiving in climate finance.⁵⁵ FfD4 resulted in commitment to various innovative actions, however the support by global North governments for a UN framework convention on sovereign debt, which would have paved the way for a meaningful intergovernmental process on systemic debt architecture reform, was not forthcoming⁵⁶. Whilst a reference to a UN-led intergovernmental process remains, the text has been stripped of its ambition. Ireland should support developing country efforts to promote systemic debt architecture reform by agreeing a UN framework convention on sovereign debt.

Tax havens and illicit financial flows

Corporate tax avoidance in developing countries continues to deplete domestic revenues, thereby reducing public funds for essential climate initiatives, with more money being lost to tax dodging than is received in ODA each year.⁵⁷ Ireland's role in global tax avoidance has been documented, particularly the impact of Irish tax policy on developing countries.⁵⁸ Ireland has a responsibility, therefore, to support and fully engage in the process of the UN Framework Convention on International Tax Cooperation (UNTC). A convention on international tax under the UN will allow, for the first time, all countries

to negotiate on matters of taxation on an equal footing and, according to the UN Secretary General's 2023 report, allow for the "*promotion of more inclusive and effective international tax cooperation*".⁵⁹

Overall the *Compromiso de Sevilla*, the main outcome document of FfD4, was disappointing as developed countries were unwilling to elevate the level of ambition required to overcome long-standing systemic obstacles to development. There remains some hope however, as in some areas the text offers some openings for meaningful change. This will require robust and sustained follow-up to operationalise it for debt reform, tax and climate justice. The resulting Platform for Action also provides some prospects through the myriad initiatives it will encompass, each focused on bringing about change in specific policy areas.

Ireland and the EU

The inadequacy of the outcome in Baku was partly a result of a lack of political leadership. The EU, often a progressive voice on issues of climate, was criticised by civil society and developing countries for failing to show the necessary leadership within the negotiations and for prioritising the interests of EU businesses over the needs of developing countries.⁶⁰

The EU's chief climate negotiator Commissioner Wopke Hoekstra's upbeat assessment that Baku "*will be remembered as a start of a new era for climate finance*"⁶¹ could not have been further from the view of Panama's chief negotiator, Juan Carlos Monterrey, who described that deal as meaning "*death and misery for our countries*".⁶²

Civil society groups interviewed for this paper accused the EU of "*not turning up*" at negotiations in Baku and for failing to deliver the degree of

⁵⁴ 'The Vicious Cycle: Connections Between the Debt Crisis and Climate Crisis,' press release, ActionAid (2023).

⁵⁵ 'Joining the Dots - ActionAid report on Financing for Development,' ActionAid (2024).

⁵⁶ Ambitious UN Financing for Development outcome derailed by global north, Eurodad (2025)

⁵⁷ 'Trapped in Illicit Finance How abusive tax and trade practices harm human rights,' Christian Aid (2019).

⁵⁸ 'Irish officials disregarded Dept of Foreign Affairs concerns over Ghana trade deal,' The Irish Times, 27 September 2019 and 'Pharma giant Abbott using Irish 'single-malt' scheme to avoid tax on profits,' The Irish Times, 15 September 2021.

⁵⁹ 'Promotion of inclusive and effective international tax cooperation at the United Nations - A/78/235,' UN Department of Economic and Social Affairs.

⁶⁰ A dangerous void: The EU and rich countries fail to deliver for the most vulnerable at COP29, Climate Action Network Europe (2024)

⁶¹ European Commission, Closing remarks of Commissioner Hoekstra at COP29, (2024).

⁶² 'Backroom deals and betrayal: how Cop29's late \$300bn deal left nobody happy,' The Guardian, 29 November 2024.

ambition required. This may reflect the very different levels of commitment to addressing the climate crisis across the EU, in particular on climate finance. A number of EU member states make little or no climate finance contributions (for example Bulgaria, Croatia, Cyprus), while a number of others make their contributions mainly in the form of loans.⁶³

Meanwhile, Irish government representatives from the Department of Foreign Affairs and Trade and the Department of Climate, Energy and the Environment⁶⁴ spoke about the difficulty of reaching agreement at Baku, and the prospects of scaling up climate finance for developing countries to at least USD1.3 trillion per year by 2035 as outlined in the 'Baku to Belém Roadmap'.⁶⁵

Ireland's presidency of the European Council in 2026 is a critical opportunity to place climate finance firmly on the EU Council agenda and work towards re-establishing the EU as a leader on issues of climate, especially climate finance. While Ireland is not alone within the EU in calling for grant-based finance, in the aftermath of Baku it needs to strengthen alliances with like-minded member states and continue to advocate a greater EU focus on LDCs, a better balance between all three pillars of climate finance (mitigation, adaptation, and loss and damage) and an increase in grant-based finance.

Domestic Politics

The Programme for Government⁶⁶ agreed between Fianna Fáil, Fine Gael and the regional independent grouping commits Ireland to (1) supporting the Loss and Damage Fund, (2) delivering on the Climate Finance Roadmap, which *inter alia*, commits Ireland to delivering €225 million in climate finance each year, and (3) continuing to annually increase ODA towards the UN agreed figure of 0.7% GNI.

Each of these commitments is welcome in its own right. However, a clear distinction must be made between these three (mutually supporting) funding streams to ensure that contributions to each fund are new and additional to ODA spending, and clearly distinguished as climate finance or as loss and damage contributions. That these funds are distinct, new and additional remains a fundamental principle of the UNFCCC.⁶⁷

Ireland should support proposals (which were not included in the final COP29 outcome text) to introduce, under the UNFCCC reporting mechanism, the three subcategories of funding – mitigation, adaptation, and loss and damage. This will reduce the possibility of duplication and provide greater transparency regarding what is being funded.

In addition, and as noted above, the commitment of €225 million per year as laid out in the Climate Finance Roadmap falls well short of what Ireland's fair share should be and, in light of the Baku outcomes, should be revised accordingly, in advance of COP30 in Brazil.

Finally, as noted in the previous section, Ireland urgently needs to step up implementation of its Climate Action Plan. The obligation on the state to take the necessary corrective action is not only legal and moral, but also economic – failure to meet Ireland's 2030 climate targets could result in EU fines of up to €26 billion.⁶⁸

⁶³ 'Assessing International Climate Finance by the EU and Member States: Key Insights for Shaping the New Climate Finance Goal,' Climate Action Network Europe (2024), and *ibid*.

⁶⁴ Meeting held with Dóchas, Dublin, 10 April 2025

⁶⁵ Comments made by officials from both departments in meeting to discuss a draft version of this report with Dóchas, 10th April, 2025. UNFCCC, *Baku to Belém Roadmap to 1.3T*.

⁶⁶ *Programme for Government, Securing Ireland's Future*, Government of Ireland (2025)

⁶⁷ *United Nations Framework Convention on Climate Change*, article 4.3.

⁶⁸ 'A colossal missed opportunity: Ireland's climate action and the potential costs of missing targets,' a joint report by the Irish Fiscal Advisory Council and Climate Change Advisory Council in March 2025 has estimated "staggering" fines between €8 billion and €26 billion.

6. Quality of Finance

Ireland's climate finance is recorded as being 100% grant-based. Ireland thus stands out positively in a European context, with as much as 55% of climate finance having been provided in non-grant financial instruments in 2022.⁶⁹ France, for example, provided more than 80% of its climate finance in the form of loans.

However, as mentioned above, any Irish climate finance distributed through MDBs may in turn be provided to countries in the form of loans. In an interview for this paper, Irish Aid officials confirmed this reality, pointing out that all climate finance provided by Ireland is grant-based only “*at point of disbursement*”. There should be a clearer understanding by policy makers the extent to which Irish climate finance may be redistributed in the form of loans, following its initial disbursement as grants, to ensure that Ireland's commitment to grant-based funding is not compromised.

The fact that Ireland's climate finance is almost exclusively grant-based, mainly focuses on LDCs and SIDS and prioritises adaptation needs over mitigation⁷⁰ have contributed to its reputation as being among the better climate finance performers in Europe, despite its relatively small contribution in absolute terms. A number of civil society groups interviewed for this report made the point that while every effort must be made to increase the volume of climate finance provided, maintaining the quality is as important as the quantity.⁷¹

Strengthening Gender Equality through Climate Action

The review will also be an important opportunity to reaffirm and strengthen Ireland's commitment to the interconnected issues of gender equality and climate action. It is widely documented that the effects of climate change are disproportionately experienced by women. When climate change impacts diminish the quality of soil, undermine food security and reduce agricultural income, it is women and children who are disproportionately affected.⁷² The OECD also draws attention to the links between the increase in gender-based violence and the effects of climate change, noting that “*climate extremes exacerbate existing unequal power dynamics and reinforce restrictive gender norms and stereotypes that render women and girls more susceptible to the denial of necessary resources or services, and more vulnerable to many forms of gender-based violence.*”⁷³

Of the €17.7 million in climate finance disbursed by Ireland through bilateral channels in 2022, 73% was categorised as having either a significant or principal focus on gender equality, while 56% of the €24.9 million disbursed through civil society organisations was categorised as either principally or significantly focused on gender equality.⁷⁴

⁶⁹ 'Assessing International Climate Finance by the EU and Member States: Key Insights for Shaping the New Climate Finance Goal,' Climate Action Network Europe (2024)

⁷⁰ "53% of Ireland's total climate finance was channelled to programmes and projects that targeted resilience and adaptation to climate change (only)... Cross-cutting activities – those that target both climate change adaptation and mitigation – received 27% of overall financial support. As such, 80% of Ireland's total climate finance supported adaptation to climate change either as a whole or one component in 2022." Government of Ireland, *Ireland's Climate and Environmental Report, 2022*.

⁷¹ Interviews with Mattias Soderberg, Danish Church Aid, Mohamed Adow, PowerShift Africa and Mariana Paoli, Christian Aid.

⁷² 'Loss and Damage to Land: Voices from Asia', Oxfam (2023).

⁷³ 'Development Finance for Gender-responsive Climate Action,' OECD Working paper (2022)

⁷⁴ *Ireland's Climate and Environmental Finance Report 2022*, Government of Ireland (2023)

It is clear that Ireland recognises the importance of the intersection of gender equality and climate finance, but it could do more to ensure that a greater proportion of climate finance is gender-responsive.⁷⁵ In particular, Ireland should explore opportunities to strengthen the presence of women in decision-making bodies related to climate finance, as proposed by the OECD,⁷⁶ to increase the likelihood of gender perspectives being integrated into funding decisions. This could include investing in leadership programmes for women to engage in political, financial and project development and implementation processes. Similarly, incorporating gender experts in funding allocation processes could help ensure that gender considerations are prioritised.⁷⁷

Ireland's commitment to reinforcing support to the intersection of climate action and gender equality should be replicated at EU level, where Ireland can work with other like-minded member states to ensure that gender impact assessments of climate finance are hardwired into all EU climate finance policy.

Public grant-based funding

The roadmap review also takes place at a time when the EU is moving towards the provision of loans and the mobilisation of private sector finance to bridge the finance gap. Increasingly at a European level, there is a focus on the opportunities for private sector engagement and loans in delivering climate finance, as articulated by EU Commissioner Wopke Hoekstra in his remarks at COP 29, welcoming the NCQG, describing it as a *“new era for climate finance”*. *“We are also seeing a historic expansion of the very important role of multilateral development*

*banks in supporting this transition. This simply will bring much more private money on the table. And that is what we need.”*⁷⁸

Within weeks, the commissioner was suggesting that as a result of the Baku agreement, the EU could potentially reduce its (public) contribution *“since other countries’ contributions count too”*.⁷⁹ Undoubtedly, the commissioner's view will have found a lot of support in countries across the EU where pressure on public funds, and a resistance to climate action, is increasingly taking hold.⁸⁰

In a similarly instructive opinion piece in the Guardian newspaper,⁸¹ UK Energy Secretary Ed Miliband, writing in the weeks after COP29, attempted to reframe the Baku agreement as an investment opportunity that could deliver the finance necessary and, in so doing, shift the responsibility away from developed countries to deliver grant-based public funding as per their legal obligations.

Considering Ireland's traditional position vis-a-vis LDCs, SIDS, adaptation and grant-based funding⁸², it has therefore never been more important for Ireland to hold the line and work to prevent further moves towards loans or public money being used to leverage private climate finance across the EU. As mentioned previously, arguably the most effective role Ireland can play is to demonstrate leadership and unwavering commitment to the principles of common but differentiated responsibility, leaving no one behind, and reaching the furthest behind first. Application of those principles should mean an ongoing focus on the adaptation needs of climate-vulnerable countries, LDCs and SIDS in the form of public grants.

This view was supported by civil society groups interviewed for this paper.

⁷⁵ Ireland provides funding to partners including the Women's Environment and Development Organization, the UNFCCC gender team, the International Institute for Environment and Development (IIED) and the Global Alliance for Green and Gender Action (GAGGA) which support women from underrepresented countries to attend UNFCCC and other decision-making processes. Government of Ireland, *Ireland's Climate and Environmental Finance Report, 2023*.

⁷⁶ 'Development Finance for Gender-responsive Climate Action,' OECD Working paper (2022)

⁷⁷ *The Cost of Inaction: Ireland's responsibilities for global climate finance*, Christian Aid Ireland and Trócaire (2019), *The Cost of Inaction: Ireland's fair share of Loss & Damage finance*, Trócaire and Christian Aid (2023),

⁷⁸ Closing remarks of Commissioner Hoekstra at COP29, European Commission (24 November 2024)

⁷⁹ Hoekstra was quoted in *De Telegraaf* on 26 November 2024. This was in reference to the NCQG, which saw China included as a contributor to international climate finance – albeit voluntarily. China is categorised as a developing country under the UNFCCC, given its relatively low historical responsibility for climate change. Developed countries, in an effort to expand the climate finance contributor base, wanted to see China officially included as a net contributor. That China would contribute on a voluntary basis was the compromise reached.

⁸⁰ 'EU says drive to simplify will not weaken climate agenda,' The Irish Independent, 30 January 2025. Some countries, including Poland, want to delay a planned EU carbon market for transport and heating fuels. Italy and the Czech Republic are among those opposing the EU's 2035 phase-out of combustion engine cars, and centre-right lawmakers have proposed delaying the EU's carbon border tax.

⁸¹ 'Here's what I learned at Cop29. Rows aside, an unstoppable transition to clean energy is happening,' Ed Miliband, The Guardian, 25 November 2024.

⁸² 'Assessing International Climate Finance by the EU and Member States: Key Insights for Shaping the New Climate Finance Goal,' Climate Action Network Europe (2024).

Mohamed Adow, Executive Director of Powershift Africa, stressed the importance of upholding the quality of Irish climate finance, ensuring that it is new and additional, grant-based and LDCs-focused in “*setting a positive example among richer countries*”.

“The value of maintaining this approach is not just in maximising the impact of the finance provided; maintaining this focus also upholds and supports the fundamental principles of the UNFCCC and the Paris Accord which have been undermined by the Baku outcome.”

Upholding the principles of the UNFCCC was also encouraged by Tasneem Essop.

“Rich countries have attempted to dismantle fundamental principles of the UNFCCC-CBDR, that the polluter pays their legal obligations. They would prefer to avoid their obligations by pretending there is no difference between the global north and global south – that everyone would just contribute equally. Ireland has a role to play here, to become the voice to protect the UNFCCC – protection of the convention!”

It should be noted that no indication was given by any officials from the Department of Foreign Affairs and Trade interviewed for this report that Ireland intends to diverge from its grant-based, LDC-focused approach to climate finance. On the contrary, reference⁸³ by Department of Foreign Affairs officials to the importance of Ireland continuing to use grants strategically for adaptation in areas where loans are not appropriate, or where return on investment is not apparent, is welcome and should be central to the revised Climate Finance Roadmap.

Similarly, acknowledgement from Department of Finance officials that the most efficient way of increasing Ireland's climate finance contribution would be to raise the amount of money channelled through funds dedicated specifically to climate finance (for example the Global Environment Facility or the Green Climate Fund) was welcome. Civil society has long advocated

that more funds should be distributed through funds like the Green Climate Fund, and the Least Developed Countries Fund, which has a specific focus on climate-vulnerable countries and adaptation needs.

Department of Finance officials also referred to the World Bank's International Development Association (IDA) funding stream as being the “gold standard” of development finance funding. Fundamental to that assessment, according to the officials, is the ability of IDA to offer a balance of both grants and concessional loans. They reported that the potential benefit of loans “*is that they create an ongoing relationship between lender and lendee, can offer a degree of de-risking, and therefore may contribute to a better outcome overall*”.

Implicit in this assessment is a view that loans need to play a part in future climate finance if the figure envisaged under the NCQG is to be reached – a view supported by Department of Foreign Affairs officials. According to those interviewed, many Middle-Income Countries (MICs) would benefit from accessing loans at favourable rates and would have the capacity to manage them. While there can be a role for concessional loans in funding mitigation, they are much less appropriate for adaptation and loss and damage projects. The provision of grants to LDCs and SIDS should therefore represent an important added value for Irish climate finance.

Developing countries are justifiably concerned that an outcome of the NCQG will be a greater focus on loans and private sector finance at the expense of grants. There is also concern among LDCs that their adaptation needs will be neglected as attention turns increasingly towards MICs, where mitigation and green-energy transition projects attract more profitable private investment and loans.

In this context of an increasingly market-based approach to climate finance, Ireland stands apart. However, there is still a moral obligation on the state to increase its climate finance contributions, including to the Loss and Damage Fund, in line with its fair share. At the same time, and as a priority, every effort should be made to ensure other damaging policies that run contrary to Ireland's development objectives are identified and eliminated.

⁸³ Interview with DFA officials, January 2025.

7. Recommendations

- In the short term, Ireland should **increase its overall international climate finance contributions** to meet its long overdue fair share of the existing global target, to at least €500 million per year. The review of the Climate Finance Roadmap in 2025 offers a timely opportunity to revise upwards Irish contributions in line with the revised NCQG. It should increase in accordance with the augmented NCQG.
- Ireland should make a separate and specific **commitment to financing the Loss and Damage Fund** consistent with its fair share of the global effort needed and develop a pathway to providing at least €1.5 billion annually from 2030.
- Ireland should continue its focus on **public, grant-based finance for adaptation** and on the adaptation needs of LDCs and SIDS.
- Any increase in Irish climate finance funding should **prioritise distribution through civil society organisations or dedicated climate finance funds** such as the Green Climate Fund or the Least Developed Countries Fund.
- Ireland should support and engage fully with efforts at EU and UN level to **introduce fairer taxation of corporate profits and fossil fuel production**. In particular, Ireland should engage with and fully support the emerging UN Framework Convention on International Tax Cooperation (UNTC).
- Ireland should seek to **broaden its tax base through sustainable progressive taxation**. In particular, Ireland should consider new modalities, including a wealth tax on Irish millionaires and billionaires and publicly support efforts to introduce a global wealth tax.
- The government should clarify the extent to which Irish climate finance contributions are being re-channelled into loans through MDBs, funds, institutions and the World Bank's IDA funding arm, to **ensure Irish funding is 100% grant-based**.
- Ireland should immediately **put a stop to the use of Ireland as a hub for climate-destructive investments in the global south**. Ireland should examine the role of private finance flows through the country and see European legislation as a floor rather than a ceiling.
- Ireland should **amend the Fossil Fuel Divestment Act 2018**, which currently covers fossil fuel exploration only (not the entities and activities related to fossil fuel use) and expand its scope to private investments registered in Ireland.
- Ireland should make the necessary **cuts to our domestic emissions as required by law**. A speedier and more ambitious course of action must be adopted as a matter of priority if we are to achieve the necessary cuts, play our part in reducing global emissions and avoid billions of euro in EU fines.
- Ireland should make meaningful **progress at an inter-governmental level towards achieving the SDGs**, in particular Goal 13.
- In parallel, Ireland should establish a **credible plan that will enable it to fulfil its commitment to provide 0.7% GNI in real overseas aid**.

The following recommendations refer to Ireland's presidency of the European Council beginning in July 2026, in particular:

- Ireland should place climate finance firmly on the EU Council agenda, and work towards re-establishing the EU as a leader on issues of climate, in particular climate finance, and restoring trust with countries of the global south.
- Ireland should use this opportunity to build support at EU level for maintaining a focus on LDCs, adaptation needs and the provision of climate finance in the form of grants.
- Ireland should use its position within the EU and the UN to push for policies that mandate gender budgeting and impact assessments in all climate finance mechanisms.

7. Interviewees

- Action Aid International
- ActionAid Ireland
- Action Aid Malawi
- Climate Action Network International
- Climate Action Network Europe
- Christian Aid GB
- Christian Aid Ireland
- Concern
- Danish Church Aid
- Department of Agriculture, Food and the Marine, Ireland
- Department of Finance, Ireland
- Department of Foreign Affairs and Trade, Ireland
- GOAL
- Oxfam
- Plan International
- Powershift Africa
- Self Help Africa
- Trócaire



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Page 6: Pakistan. Women of the affected community on their way home carrying drinking water on their heads. Photo: Ingenious Captures/Concern Worldwide

Page 7: Julius Kamwara, 46, examines his crop with CBM program manager Kevin Sudi in Tharaka North, Kenya, on May 24, 2022. Julius is blind in one eye since childhood and his family is a beneficiary of CBM's drought response in Meru and Tharaka-Nithi, Kenya. Credit: CBM/Hayduk

Page 22: James Crombie 2022

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