

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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# Qualitative elements of the NCQG

# Why care about quality?

## Lessons from the \$100 billion

- Quantum – *not enough, no fair sharing, no safeguards to get resources to where it is needed most*
- Modalities – *primarily debt-creating, fragmented landscape of providers, high transaction costs for access*
- Accountability – *opaque tracking, diverse interpretations on definitions*

**➤ Numerical targets are meaningless without a robust framework for quality**

## **Guiding Questions**

- How is quality enshrined in the final outcome?
- What are the guiding principles that could shape a higher-quality climate finance regime?
- How would those principles be operationalized to make sure they moved beyond the high-level statements?

# What do we mean by quality?

1. Helps developing countries to achieve their objectives for all three pillars of climate action
2. Advances sustainable development
3. Upholds the goals of the Paris Agreement including the imperative of a just transition.
4. Establishes a virtuous cycle for building trust

# Guiding Principles for a High-Quality NCQG

- Led by developing countries' needs and priorities
- Responsive to changing needs
- Effort-sharing approach based on CBDR-RC
- Transparently tracked
- Expanding fiscal space
- Enhancing access
- Effective in advancing the Paris Agreement and Sustainable Development Goals
- Pro-development environment in global economic governance

# 1. Led by developing countries needs and priorities

- Quantum target based on top-down and bottom up understandings of country need.
- Distinct quantum goals for mitigation, adaptation and loss and damage to ensure the principle of adequacy.
- Enhanced support for needs-reporting in developing countries, for example grants for technical assistance to support this work.

## 2. Effort-Sharing approach based on CBDR

- Core Goal for finance provision from developed country Parties.
- GNI-based effort-sharing methodologies to determine respective contributions.
- Separate targets for additional provision and mobilisation from non-state sources, with indication of Parties' responsibilities in this respect



### 3. Expanding fiscal space

- **A Core Goal for climate finance that does not count market rate debt instruments towards its achievement.**
- **Commitment for new climate finance provision to come primarily in the form of grants.**
- **Minimum terms of conditions for debt instruments counting towards climate finance**

## 4. Effective in delivering SDGs and PA

- Definition of climate finance that distinguishes it from development finance, excludes market rate loans, and ensures a high degree of focus on climate-specific activities.
- Ambition in NDCs augmented in line with availability of appropriate finance.
- Increased recognition for just transition needs

## 5. Responsive to developing countries' needs

- A 'minimum floor' GNI goal from 2025 with a share of GNI target to reach by 2030.
- Review mechanism every 5 years to allow for goal and structure adjustments according to emerging needs

## 6. Transparently tracked

- **Mandatory assessment of non-grant instruments for their grant-equivalence**
- **Improved guidance and rigorous standards for what can be counted as climate finance**
- **Clear framework for reporting climate-related ODA**
- **Improved guidance on what can be considered mitigation, adaptation and loss and damage.**
- **Publishing of project documentation as part of contributor reporting.**

## 7. Enhancing Access

- Harmonised and simplified access procedures across different climate finance providers.
- Safeguards to ensure access for particularly under-resourced countries
- Easing eligibility criteria
- A minimum requirement for the use of local institutions and civil society actors receiving climate finance.
- A minimum requirement for the use of UNFCCC-based funds.

## 8. Pro-development Environment

- Recognition of the preconditions needed in global economic governance to improve outcomes from climate finance and raise ambition in developing countries.
- Encouragement of action in non-UNFCCC processes to unlock finance and developmental ambition

# Thank you

