UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

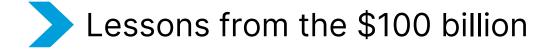
UNCTAD, G77 and TWN workshop – Baku, 2024

Qualitative elements of the NCQG





Why care about quality?



- 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

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Led by developing countries' needs and priorities



Responsive to changing needs





Transparently tracked

Enhancing access



Expanding fiscal space



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.

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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 underresourced 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

