

Arab Group Draft Decision Text NCQG

[PREAMBLE]

Recalling Articles 4 and 11 of the Convention and Article 9 of its Paris Agreement,

Further recalling Article 4, paragraph 7, and Article 3, paragraph 5, of the Convention,

Also recalls Article 4, paragraph 5, of the Convention

Recalling decision 2/CP.15

Recalling decision 1/CP.21 paragraphs 1 and 53,

Recalling decisions 14/CMA.1, 9/CMA.3, 5/CMA.4 and 8/CMA.5

[CONTEXT]

1. *Highlights* the growing gap between the needs of developing country Parties, in particular those due to the increasing impacts of climate change compounded by difficult macroeconomic circumstances, and the support provided and mobilized for their efforts to implement their nationally determined contributions, highlighting that such needs are currently estimated at USD 5.8–5.9 trillion for the pre-2030 period;
2. *Recalls* that developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention and that other Parties are encouraged to provide or continue to provide such support voluntarily;
3. Also recalls that, as part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties, and that such mobilization of climate finance should represent a progression beyond previous efforts;
4. Reiterates that support shall be provided to developing country Parties for the implementation of Article 4 of the Paris Agreement, in accordance with Articles 9–11 of the Paris Agreement, recognizing that enhanced support for developing country Parties will allow for higher ambition in their actions;
5. *Further recognizes* that the USD 100 billion commitment of developed country Parties expires in 2025 and the mandate of the New Collective Quantified Goal is to set a replacement goal in line with decision 1/CP21 paragraph 53;
6. *Recognizes* that developing country Parties have increased ambition despite a gap in the provision and mobilization of finance from developed country Parties and reverse flows due to a suite of disabling policies and conditions, such as fiscal challenges, barriers to access and unilateral measures;
7. Notes with deep regret that the goal of developed country Parties to mobilize jointly USD 100 billion per year by 2020 in the context of meaningful mitigation actions and trans

8. transparency on implementation was not met in 2021 and welcomes the ongoing efforts of developed country Parties towards achieving the goal of mobilizing jointly USD 100 billion per year;
9. Notes the different estimates, in the report by the Standing Committee on Finance on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation,² of progress towards achieving the goal of mobilizing jointly USD 100 billion per year from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, and recognizes the lack of a common definition and accounting methodology in this regard;

[PRINCIPLES]

10. *Decides* that, in accordance with Article 2 of the Paris Agreement, the New Collective Quantified Goal must be delivered in a manner that reflects:
 - a. The principles of equity and common but differentiated responsibilities and respective capabilities in the light of different national circumstances;
 - b. The evolving needs and priorities of developing country Parties, in particular loss and damage;
 - c. The historical responsibility of Annex II Parties to the United Nations Framework Convention on Climate Change;
 - d. The right to development, sustainable development and poverty eradication

[SUBSTANCE]

11. *Decides* that the New Collective Quantified Goal will consist of a provision element and a mobilization element as follows:
 - a. Developed country Parties shall mobilize USD 1.1 trillion per year to developing country Parties from 2025 through to 2029 by providing USD 441 billion per year;
 - b. *Decides* that developed country Parties shall institute burden-sharing arrangements in the delivery of the goal outlined in paragraph 10(a) above;
12. *Decides* that the following qualitative requirements shall be fulfilled for flows to count towards the delivery of the New Collective Quantified Goal:
 - a. The provision layer shall consist solely of grants;
 - b. The mobilization layer shall not include non-concessional loans, loans at market rates that are set better terms for elements other than interest rates, export credits, investments and any other instruments that will result in a net-economic negative outcome for recipients;
13. *Reaffirms* the Enhanced Transparency Framework and Article 9 paragraphs 5 and 7 of the Paris Agreement and recognizes that they will serve as the transparency arrangements;
14. *Recalls* that only the Modalities, Procedures, and Guidelines of the Enhanced Transparency Framework will be reviewed in 2028 and that developed country Parties shall provide information on finance provided and mobilized biennially within their Biennial Transparency Reports;

15. *Decides* that developed country Parties shall provide information on finance provided and mobilized in the first half of 2028 as they aim to submit their full Biennial Transparency Report by the end of the year in 2028;
16. *Requests* the Standing Committee on Finance to develop a progress report on the delivery of the New Collective Quantified Goal in 2029 taking into account information provided by developed country Parties in their Biennial Transparency Reports submitted in 2028 and other relevant aggregation reports developed;
17. *Invites* the data aggregators, in developing their progress reports, to engage an independent third party to review and assess their reports and to include such reviews in the annex of their progress reports;
18. *Further invites* data aggregators to issue progress reports on the delivery of the New Collective Quantified Goal in accordance with the conditions set out in paragraph 11 of this decision;
19. *Decides* that developed country Parties shall assess the negative impacts of their unilateral measures and take concrete actions on mitigating these impacts;
20. *Requests* developed country Parties to submit reports detailing their compliance with paragraph 18 of this decision biennially starting 2026;
21. *Decides* to review and extend the New Collective Quantified Goal during the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement in 2029, taking into account information details in paragraphs 11-12 and 14-19, focusing on the following elements:
 - a. Updating the Quantum;
 - b. Updating requirements in paragraph 11 of this decision;
22. *Decides* that the delivery of the New Collective Quantified Goal shall reflect the following qualitative elements:
 - a. The scope of the goal shall be mitigation, adaptation, loss and damage, technology transfer, capacity building and support for the implementation of transparency requirements under the Convention and its Paris Agreement;
 - b. A complete balance between mitigation and adaptation shall be reflected in the delivery of the goal;
 - c. The support for readiness and transparency shall cover the full and incremental cost for developing country Parties;
 - d. The delivery of the goal shall be to the largest extent possible through grant-based and/or grant equivalent terms, with the provision element consisting only of grants;
 - e. The delivery of the goal shall enable developing country Parties to equitably participate in the development, deployment and dissemination of technologies and enable technology transfer from developed countries to developing countries in line with the scope detailed in paragraph 21(a);
23. *Requests* developed country Parties, based on lesson learned from the delivery of the USD 100 billion, to urgently reform their budgetary practices to reflect the following enhancements to enable the delivery of the New Collective Quantified Goal:
 - a. Moving from annual budgets to multiyear budgets and long-term programming of climate finance
 - b. Streamlining approval process for climate change support budget
 - c. Prioritizing climate change support as a separate budget category with special procedures

24. *Further requests* developed country Parties to report on the implementation of Paragraph 22 in their next Biennial Communications under Article 9, paragraph 5 and reflect the following information:

- a. A plan to initiate the reform, including timelines, approaches, challenges and opportunities;
- b. A deadline for the conclusion of the reform, well ahead of 2025;

[USD 100 BILLION ARREARS]

25. *Confirms* that the USD 100 billion commitment of developed country Parties is meant to be delivered on an annual basis from 2020 through to 2025 and *acknowledges* that there is consensus that the goal has not been met in 2020 and 2021;

26. *Recognizes* that estimations on the delivery of the goal in 2022 differ due to different accounting methodologies and definitions;

27. *Requests* the secretariat to commission an independent audit firm to review data from Biennial Reports and other relevant reports within the UNFCCC, with a view to providing independent assessments of the delivery of the USD 100 billion from 2020-2022 and issue a finding report by CMA.7, taking into account the following requirements:

- a. The aggregation of flows shall only account for grant or grant-equivalent elements of support, non-concessional loans even on more preferential terms cannot count towards progress;
- b. The activities that receive support must match to activities identified in national plans of developing country Parties;

28. *Requests* the secretariat to commission an independent audit firm in 2028 to produce a final report in line with paragraph 26 of this decision and *decides* that the report shall include a final total calculation of arrears of the USD 100 billion;

29. *Decides* that developed country Parties shall mobilize the arrears of the USD 100 billion as identified in 2028 in the report referenced in paragraph 27 of this decision by no later than 31, December 2030.