REPUBLIC OF ARMENIA

proposals on the New Collective Quantified Goal (NCQG)

Armenia asserts that the establishment of global climate finance targets is a crucial process that must incorporate several critical considerations. It is essential to ensure that these targets are robust, evidence-based and provide the necessary guidance for further implementation at the international, national and local levels.

This framework should specifically cater to the needs of developing countries, with a focus on those which are experiencing low inflows of climate finance. Addressing this issue must be one of the primary focuses of the framework, ensuring equitable distribution and effective utilisation of resources to support developing countries in their climate adaptation and mitigation efforts.

Additionally, we believe that the following key points should be reflected in the NCQG to make the goals practical, operational and guiding:

1. **Analysis of unmet goals** - The previous quantitative goal, which ambitiously aimed for an annual climate finance flow of $100 billion, regrettably remains unmet. During the design of any new targets or initiatives, it is imperative to conduct a thorough analysis to understand the underlying reasons for this shortfall. This includes identifying the significant barriers that impeded progress, assessing how the proposed approach can be both qualitatively and quantitatively distinct to overcome these challenges and embedding critical messages into the NCQG document.
2. **Disaggregation of new quantitative goal** - it is proposed to break down the NCQG into specific mitigation and adaptation sub-components. Wherever feasible, these efforts could be further detailed at sectoral levels. The availability of such guiding information will significantly assist countries in identifying and establishing their own specific mitigation and adaptation finance targets. By providing a more granular framework, we can ensure that financial resources are allocated efficiently and effectively, catering to the unique requirements of different sectors.
3. **Climate finance Taxonomies** - it is equally important that all countries, which are potential recipients of climate finance, have introduced comprehensive national Climate Finance Taxonomies. These taxonomies should aim to clearly define eligible sectors and sub-sectors, ensuring their alignment with national targets under LEDS, NDC and NAP frameworks. Additionally, these frameworks should encompass the necessary policy, regulatory, and fiscal mechanisms to support prioritized sectors effectively.
4. **Debt for climate swaps** hold significant potential to channel financial resources towards financing mitigation and adaptation projects in least developed and developing countries. In recent years, an important methodological base and model regulatory framework have been established, resulting in several successful cases. The inclusion of this instrument in the NCQG should encourage developed countries not only to widely utilize this mechanism, but also to promote knowledge sharing and capacity building among potential beneficiary countries to enhance its utilisation. By

leveraging these innovative financial instruments, we can effectively mobilize in-country resources and drive substantial progress in global climate finance efforts.

5. **Reforming international climate finance architecture** - should be streamlined to enable direct access for countries to the available funds. To achieve this, the primary focus should be on advancing the engagement of national financiers, including banks, non-banking financial institutions and pension funds, in the process. MDBs should play a pivotal role by providing essential capacity-building support, assisting in the establishment of innovative financial instruments designed to multiply concessional funding and offering seed/equity funding.
6. **Best practice repository** - with reference to the enabling policies and regulatory frameworks described above, it would be highly beneficial for the document to mandate the establishment of a best practice repository. This repository would assist countries in enhancing their internal frameworks by providing access to proven strategies and successful implementations.
7. **Methodological guidance for national Governments** - national governments require robust methodological guidance for engaging effectively with international climate financiers. Documents such as the joint **GCF/NDC Partnership Investment Planning and Mobilization Framework** are invaluable resources that can facilitate this engagement. It is crucial to reference these documents in the current strategy and ensure that governments receive the necessary support for their utilisation. By doing so, we can enhance the capacity of national governments to attract and manage climate finance, thereby improving the overall effectiveness and impact of climate finance initiatives.
8. **New categories of developing states** – as the draft NCQG text in its paragraphs 123 (b) and 357 contains new categorization of states, such as “fragile and conflict affected states” which are not in line with the Convention and the Paris Agreement we would like to seek clarification on the background sources and the intention of adding this new category of states as recipients of climate financing. Our main concern is that the introduction of new categories of states which should be prioritized in terms of receiving climate finance, could open the door for expanding this list, which may result in compartmentalization of the global climate finance goal and its availability to fewer developing states in contravention of the Paris Agreement. Based on this considerations, Armenia suggests to list only those categories of states, particularly vulnerable to effect of climate change, which are reflected in the Convention and the Paris Agreement.