

Submission of the views of Ukraine expressed at third meeting under the Ad Hoc Work Programme on the New Collective Quantified Goal on climate finance

9-12 September 2024, Baku, Azerbaijan

Ukraine is grateful for the opportunity to participate in the TED11 on NCQG and submits its views on the input paper for further consideration.

The **Context** section should include the following:

- An emphasis on the urgency of global efforts to address climate change and reaffirm the commitment of all parties to reduce their emissions in a nationally determined manner.
- NCQG needs to contribute to achieving the three main goals under the Paris Agreement, focusing on making finance flows consistent with the 1.5° C pathway and scaling up investments in climate action.
- Restatement of commitments by all Parties to take mitigation actions in accordance with the best available science with a goal of achieving net zero emissions by 2050.
- Recognition that NCQG shall be based on the needs and priorities of developing countries, and recognition that those needs and priorities, as well as national circumstances, economic capacities and emissions profiles, are constantly evolving and dynamic. In the case of Ukraine, GHG emissions have decreased significantly since 1990, while the needs for climate finance and technologies have been growing.
- Note that all sources from all actors are necessary to meet the needs and the overarching goals of the Paris Agreement. This does not mean that all sources of finance should be counted in NCQG (e.g. domestic). At the same time, NCQG should not equal all the needs of developing countries.

The section on **Goal formulation** should include the following:

- Since the needs of developing countries are measured in trillions annually, and Ukraine's goal is measured in dozens of billions, an increase in all climate finance flows is needed, while the focus has to be on public finance with the continued lead of developed countries.
- The structure shall be multilayered and incorporate a variety of sources. At the same time, the amounts of grant-based and concessional finance need to increase compared to the \$100 billion goal, in particular for adaptation projects.
- Supporting fragile and conflict-affected states will require additional efforts, for instance, to attract private finance in those areas, enhanced public guarantees are a prerequisite due to higher country risks and particularly damaged natural assets that need restoration. This should be reflected in the NCQG in the form of a principle to finance post-war recovery in developing countries that is aligned with the goals of the Paris Agreement.

- To stimulate the increase in all climate finance flows in developing countries, regulatory frameworks favouring a shift to low-carbon development need to be implemented by all parties in a nationally determined manner. This may include phasing out of fossil fuel subsidies and introducing carbon pricing initiatives.

The section on **Sources and instruments** should include the following:

- Recognition that NCQG will be mobilized and provided from a wide variety of sources, public and private, bilateral and multilateral. NCQG should exclude domestic sources, since it must include finance to be provided by developed to developing countries, however, recognizing that a part of developing countries' needs will be met with their own resources. A share of finance delivered in the form of grants, concessional loans, equity, guarantees, insurance, or other instruments that create fiscal space for developing countries shall increase in absolute terms compared to levels.

The section on **Channels** should include the following:

- The NCQG will come from public and private, bilateral and multilateral channels. If this is covered in **Sources and instruments**, this part should be excluded here to avoid duplication.
- Private sector actors should scale up investments in mitigation and adaptation action across all geographic regions and sectors. If this is covered in **Calls to action**, this part should be excluded here to avoid duplication.

The section on **Access** should include the following:

- Encouragement of the operating entities of the Financial Mechanism, MDBs and other climate finance providers to simplify and harmonize application, approval and disbursement processes; reduce co-financing requirements; and strengthen regional presence.
- Setting an obligation for the operating entities of the Financial Mechanism and requesting MDBs and other finance providers to periodically report on efforts towards enhancing access.

The section on **Addressing dis-enablers** should include the following:

- Recognition that a high cost of capital is a barrier to channelling more finance to developing countries and shall be tackled by both developed and developing countries. Developed countries need to encourage their private entities to invest in developing countries using various policies and instruments (e.g., state guarantees), while developing countries need to adopt policies that enhance climate action. Fossil fuel subsidies hamper investments in clean technologies and must be phased out by all countries.

The section on **Calls to action** should include the following:

- A call to Parties, the operating entities of the Financial Mechanism, MDBs, and other finance providers to scale up finance for mitigation and adaptation in developing countries and align their overall finance flows with the goals of the Paris Agreement.
- A call to all Parties to improve enabling conditions for the private sector investments in climate projects.
- A call to Parties to influence MDBs in terms of increasing their investments in adaptation and mitigation in developing countries through their shareholder rights in relevant boards of governors or other governance structures within MDBs where Parties are represented.

The section on **Transparency** should include the following:

- Transparency arrangements for the NCQG shall be anchored in the enhanced transparency framework.
- All contributing Parties shall report on climate finance provided and mobilized in the context of the NCQG.
- The Standing Committee on Finance to prepare aggregate biennial reports on progress towards achievement of the NCQG as part of its biennial assessment and overview of climate finance flows.
- Qualitative elements of NCQG should be a part of transparency arrangements.