NCQG overview and main contentious issues

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New Collective Quantified Goal (NCQG)

- New global climate finance goal under the Paris Agreement designed to replace $100 billion annual target set at the Copenhagen Summit in 2009.

- NCQG set to be finalized in 2024 at COP29.

- NCQG is negotiated target, not a politically determined figure. Deliberations started in 2022 – multiple Technical Expert Dialogues (TEDs) held since. Most recently, in June 2024 – 10th TED and 2nd meeting of the Ad Hoc Work Programme (AHWP) on the NCQG.

- **Next NCQG meetings:** TED-11 and 3rd meeting of the NCQG AHWP to take place in Baku in September.

- **NCQG should learn from lessons from the $100bn** and represent a better target this time round – adequate and needs-based, balanced allocations, quality, accountably and more transparency.
- NCQG is a unique process in climate finance – emphasis on needs and priorities of developing nations at the centre of discussions. **Finance is crucial for enabling ambition in NDCs.**
- Financial needs are estimated in the **trillions of dollars** to meet climate targets. Needs Determination Report (NDR) landed on $5.8-5.9 trillion of costed needs up to 2030. 153 NDCs were assessed.

Contentious points in setting up the NCQG

- **Financial scale:** Developing nations are advocating for significantly increased funding. Most note $5.8-5.9 tn by 2030 as indicated in the NDR. Groups AGN, LMDC, Arab Group, India have noted **$1.1 - 1.3tn annually.** Developed countries have not mentioned any figure.
- **Contributor base:** While developing countries are pressing for ambitious target, developed countries express concern about scale of demands ("ambition must align with reality"). They want **contributor base to be expanded** and have an expansive goal that includes money mobilised from private sector, and other sources.

- **No common understanding of *what* counts:** Currently, no climate finance definition exist. \$100bn target has fallen short, been misrepresented or over-estimated, leading to calls to improve granularity, tracking and accountability of NCQG.
- Some Parties calling for common understanding of *what* counts; or at least agreement of what *should not* be counted as climate finance in the context of the NCQG (e.g. ODA, loans at a market rate).

- **Not just quantity, also quality:** quantum a centre piece, but ***quality*** also a fundamental consideration. **Concerns about over reliance on loans and current debt burden.** Concerns about disparity in support (mitigation vs. adaptation). NCQG must correct this.
- **Dynamic vs static? What about review?** Once finalized, the NCQG will begin to take effect in 2025. Some calling for review and adjustment to ensure NCQG aligns with increasing climate finance needs in the future.

- **Inclusion of Loss and Damage:** Developed country groups all call for the incorporation of L&D as part of the NCQG. Advocate for the inclusion of **sub-goals** for adaptation, mitigation and loss and damage to secure new, additional, predictable and adequate resources. L&D should be finance through **grants.**
- Still under consideration whether it should be represented as a $ figure or %.

Less contentious points

- **Access to finance.** Not just access by governments. **Local communities and vulnerable groups need to be able to access finance adequality.** All agree to enhance access (simplification of procedures, capacity building, prioritisation - ensure it reaches communities on the ground).
- **Transparency:** Broadly speaking, Enhanced Transparency Framework (ETF) accepted as the backbone, but it needs to be completed to be fit for purpose for the NCQG. Biennial Transparency Reports (BTRs) as reporting vehicle (data collection), but **verification and collective assessment also needed** –possibly led by SCF.

Thank you!