

Saudi Arabia on behalf of the Arab Group
Intervention NCQG Ad Hoc Work Programme Meeting 1

The Arab Group welcomes the outcome from COP28 on the New Collective Quantified Goal on Climate Finance and looks forward to continuing to actively engage in the discussions related to the goal in its final year of deliberation. We welcome the shift in work, from discussion-based to outcome-based as well as the shift to a party-driven negotiation-focused approach.

We also understand the value of hearing views from a wide range of actors, and therefore were happy to engage with them openly and constructively in the Technical Expert Dialogues. The discussions within the Technical Expert Dialogues should inform the deliberations within the meetings under the Ad Hoc Work Programme.

The body of work of the Ad Hoc Work Programme over the past few years should be retained and the co-chairs should build upon the progress, particularly in the previous year. Submissions made by Parties and groups of Parties in previous years should continue to inform the co-chairs in 2024. The identification of options in the annual report should form the basis of discussions on the elements of the NCQG in 2024.

Summary of Arab Group views on elements as discussed in previous technical expert dialogues:

The Arab group does not agree with the list of elements presented by the co-chairs in their input paper, as we view many of them as being inconsistent with the mandate of the NCQG and the principles and provisions of the Convention and its Paris Agreement.

We propose the following parameters for our engagement in these meetings:

1. Discussions must be consistent with the principles and provisions of the Convention and its Paris Agreement and aligned with decision 1/CP.21 paragraph 53.
2. The discussions in the meetings of the Ad Hoc Work Programme should be Party-driven and focused, with progress between meetings being defined using a consensus approach.
3. The meetings of the Ad Hoc Work Programme are to take up the adequate time to facilitate meaningful progress from one meeting to the next.
4. There should be continuity from one meeting to another to ensure progress is captured in the lead up to COP29.

5. The substantive framework for a draft negotiation text should reflect the consensus of Parties in accordance with discussions within the meetings of the Ad Hoc Work Programme.
6. The co-chairs of the Ad Hoc Work Programme are to be informed by previous submissions made by Parties and groups of Parties.
7. Elements of the framework, need to reflect articles 2 (2.1 & 2.2), 3, 4.5 and 9, it should not try to identify new responsibilities or change the principles of the goal as reflected in the first implementation phase (annual 100 billion USD goal), and Article 4 of the Convention.

The Arab group proposes the following core elements of the NCQG:

1. Principles
2. Timeframe
3. Quantum
4. Structure
5. Qualitative elements, with a focus on alignment with needs and priorities and concessionality
6. Transparency arrangements and reporting
7. Access features
8. Scope

On **principles**, the delivery of the NCQG must reflect the principles of historical responsibility, equity and common but differentiated responsibilities. We must also recognize that ambition in developing countries has increased over the years, while the delivery of finance has not been commensurate by developed countries.

On **timeframe**, we advocated for a goal period of 2025-2030 with a renewal of the goal thereafter including a revision of the quantum.

On **scope**, the goal must consider needs for adaptation, mitigation and loss and damage.

On **structure**, we supported formulations that reflect the unequivocal responsibility and obligation of developed countries to provide and mobilize finance to achieve the goal.

We acknowledge our regime has led to improvements and enhanced efforts to address climate change. This is positively captured by the declining trend in temperature increase projections over the years.

The climate regime has been plagued by broken promises. Pre-2020 mitigation commitments of developed countries weren't met, with no consequences. The USD 100 billion commitment was not met with no consequences. And now we are hearing clear and transparent attempts to dilute responsibilities that our countries thought were sacred when we adopted and ratified The Convention, its Kyoto Protocol and Paris Agreement.

Throughout the last thirty years, the Arab group members have raised their ambition. Hosted COPs, committed to this process. Voluntarily updated NDCs. Delivered action against all odds and difficult circumstances outlined in Article 4.8 of the Convention. We did our part, but for collective action to work – developed countries must also do their part.

To be honest, we are hearing about enabling environments, clean energy partnerships, targets, voluntary efforts, global investment aspirations, elaborate structures and diagrams, with layers and interwoven networks, Christmas trees, tree roots and forests and onions and music bands and cores and timeframe points and policies and homework – we also heard assertions of commitments to continue to provide but unless I have missed it, we have yet to hear concrete proposals on the quantum.

When we moved from Kyoto to Paris, we did so because of the great bargain, the bargain was finance – it was the USD 100 billion. We delivered our end of the bargain, our partners did not. The NCQG is the continuation of that bargain, a bargain that we see clear backtracking from.

The Convention is clear in its Article 4, and its principles. The Paris Agreement is equally clear. Both outline the financial contributions – based not on economic factors alone, but on the historical responsibility for climate change.

The NCQG is about delivering that responsibility for mitigation and adaptation and loss and damage. Its not about recognizing efforts of philanthropies or thanking the private sector for their profit-driven investments, most of which are not directed to developing countries.

On **timeframe**, we advocated for a goal period of 2025-2030 with a renewal of the goal thereafter including a revision of the quantum.

The NCQG will renew indefinitely, because no matter how much it is being argued that things changed since 1992, we cannot change the past two hundred years.

A commitment is a commitment, aside from the quantum, the arrears of the USD 100 billion have to be mobilized using burden sharing and the fair share of each developed country.

On **quantum**, we set a quantum of USD 1.1 trillion from developed to developing countries per year not including arrears for the 100 billion. We set this number based on the needs and priorities of developing countries as outlined in the NDR report and are open to changing the quantum based on the updated NDR this year.

Quality:

- **Our two highest priorities for quality is grant-based support and the alignment of support with National Plans – in a big picture market rate loans to support movie productions for movies that have a scene about the environment is not climate finance – this is an actual real example.**

- **Access needs to be a standalone element. Access needs to be efficient and swift across all channels**
- **We are happy to hear that countries are agreeing to the dangers of unilateral measures, we see the value of calling on developed country Parties to cease such measures in line with Article 3.5 of the Convention and the GST decision. All paragraphs must be fully in accordance and not contradict the provisions and principles of the Convention as the framework agreement governing our climate regime.**
- **We echo AOSIS's sentiment, support should flow to all developing countries, including small markets and all market sizes on our financial terms, taking into account cost of capital and transaction costs.**
- **Domestic resources are not part of the NCQG.**
- **Trillions of dollars are allocated each year to Annex 2 countries' budgets. The budgetary approval process remains slow, bureaucratic, and dependent on politics – this has prevented funding allocations. Developed countries must decide whether they have the political will to treat climate as a priority rather than a sub-item under a poorly allocated budget for international support. Therefore, we call on developed countries to institute budgetary process reform.**
- **Support should be a net-economic benefit for developing countries taking into account the impacts of climate change and the response to it. This is very key for us and includes considerations such as ownership of developing countries of their critical infrastructure, net-flows i.e., whether after a loan period developing countries would make or lose money, and how support drives sustainable development and economic growth in developing countries. We must remember the right to development is a human right.**
- **The NCQG is the carve out of overall climate finance that reflects developed countries' commitment to provide and mobilize climate finance.**
- **On enhancing demand for climate investments, we need to address substantial and coercive incentive packages in advanced economies that are driving investments away from developing countries.**
- **There is enough supply of projects in developing countries - The need for finance to actually support NDCs and other national plans.**
- **A qualitative element of delivery that could be quantified is how much one dollar from developed countries will mobilize of private investments**
- **Back to reality on some issues, private sector actors have a fiduciary responsibility to their shareholders and are not going to invest in riskier markets (perceived or real risk) because of a voluntary signal.**

Climate finance must enable developing countries to implement their NDCs and other national plans. It is key that such support is consistent with national priorities, and does

not contradict or impede national efforts to address climate change. In that regard, we must address unilateral trade measures and other barriers under qualitative elements. We must also collectively call on developed countries to institute burden sharing arrangements and the reform of their budgetary processes to reflect the urgency in developing countries for support.

We must guarantee that any concessional loans utilized as part of the delivery of the goal do not contribute to increased indebtedness in developing countries. In reporting, loans that adversely contribute to debt burdens in developing countries should not be counted as climate finance.

Climate finance is distinct from Official Development Assistance (ODA) and humanitarian aid. While the latter two may address climate-related elements, we need to avoid double counting within these categories by ensuring amounts reported as climate finance reflect the climate-specific portion of support, rather than the entire allocation (non-climate and climate related). Such support, when classified as climate specific, should be based on the national needs and priorities. The national climate plans determine the climate-specificity of support provided and mobilized.

Support access point from AOSIS – on access our position is simple we want access to be efficient and swift across all channels for all developing countries

We advocated for **transparency arrangements** that are in line with our principles and that respect the multilaterally agreed decisions of the past few years. We set the ETF as the backward-looking reporting tool without any changes - taking to account that it has very clear modalities, procedures and guidelines for developed countries that touch on issues that are key for all developing countries.

These include how to avoid double counting, how to accurately report mobilized finance, how support enables the implementation of NDCs, NAPs and other national plans, and how finance is new and additional and represents a progression over time. Climate finance is distinct from Official Development Assistance (ODA) and humanitarian aid. While the latter two may address climate-related elements, we need to avoid double counting within these categories by ensuring amounts reported as climate finance reflect the climate-specific portion of support, rather than the entire allocation (non-climate and climate related). Such support, when classified as climate specific, should be based on the national needs and priorities. The national climate plans determine the climate-specificity of support provided and mobilized.

For forward looking reporting we respected Article 9.5, just like we respect the entirety of Article 9. We recognize that biennial reports need to improve and will push for improvements in predictability in the appropriate avenues and discussions.

For **reports** on progress we prefer the standing committee on finance to continue its work and recognize the need for improvements in their outputs. These improvements cannot be separated from an update of the SCF operational definition of climate finance - work that our group pushed for and secured in Dubai.

For access features we called on the need for streamlined, efficient and swift access to resources for all developing countries across all channels of delivery.

Geographic balance, accountability, and leaving no region or pathway behind

We recognize the importance of the goal. We understand that for each group and country around this table, this is a priority and we are all here to work together, find solutions and bridge understandings.

The Arab Group is here to be constructive and find solutions, we take all the positions of fellow countries and groups seriously and respect their views regardless of the divergence we have. It is not about disagreement, it is about how we disagree with each other – we can either understand each other’s views or dismiss them. We prefer to understand each other’s views.

We need to have a safe space for effective and constructive dialogue – dear co-chairs we have full trust in your ability to facilitate this space in line with the code of conduct for these sessions. These are the ideals we strive to achieve and are sure that all can agree with these sentiments.

We want to reiterate our desire for the goal to support countries to contribute to Article 2 in its entirety, the chapeau, article 2.1a-c, and 2.2 which as per the agreement will be delivered through Nationally Determined Contributions as per Article 3. If NDCs are supported, then all developing countries will be enabled to contribute to the achievement of the goals of the Paris Agreement which have been defined to further the implementation of the Convention.

We are here trying to increase actual support – not just report more finance that is already being provided to make the quantum seem more significant.

If the private sector will contribute – we don’t understand – how can we ensure that? Will they give away their profit-earned cash to risky markets for little return? How will this happen? a recent UNCTAD report outlines the opposite citing that “each \$1 of multilateral development bank and DFI [development finance institutions] invested mobilizes on average \$0.75 of private finance for developing countries, but this falls to \$0.37 for LDCs some of whom are in our group.”

Net-economic benefit and growth. We are hearing a lot of policies being promoted for enabling environment – we will underline the need for these policies to be aligned with

sustainable development and poverty eradication and to consider the net economic impact of response measures. Cross border impacts must be considered as well from both punitive top-down measures as well as uneven incentive packages in developed economies and their impact on trade and development

With this being said, we need direction on the way forward. We propose to have one document that accounts all views in a balanced manner and to start work on streamlining in the second meeting.

Context:

1. For us we need to see the principles covered here:
 - a. To respond on other proposals on referencing MDBs financial architecture, private sector we want to suggest two options:
 - i. One, an option that clearly outlines that the NCQG is not the entirety of climate finance that it is the part that demonstrates developed countries' commitment
 - ii. Two, an option to not mention them as part of the context
 - b. On impact and effectiveness we want to see an alternative option that looks at the degree to which support provided and mobilized is aligned with NDCs and NAPs.
 - c. Article 2 including chapeau and 2.2, Article 3, Article 9 and Article 4 of the Convention -for Article 2 we can restate paragraph 15 9/CMA.3
 - d. The NCQG as the continuation of the USD 100 billion as per 1/CP.21 paragraph 53
 - e. Evolving needs is a standalone and is not related to capacity.
 - f. The delivery of the NCQG must reflect the principles of historical responsibility, equity and common but differentiated responsibilities.
 - g. We must also recognize that ambition in developing countries has increased over the years, while the delivery of finance has not been commensurate by developed countries.
 - h. While contributing the least to climate change, developing countries face the impacts disproportionately of both climate change and the response to it.
 - i. It's important that the NCQG is ambitious and developed countries demonstrate ambition in their commitment in the context of the NDC update
 - j. Sustainable development and poverty eradication
 - k. Article 4.5
 - l. Despite Article 4.5, Developing countries have been paying for their climate action, including through loss and damage and addressing the adverse impacts of response measures
 - m. USD 100 billion failure of delivery in 2020 and subsequent years – disagreements over the progress.

- n. Lessons learned from the USD 100 billion
- o. Reflecting the undelivered amounts from the USD 100 billion
- p. Cost of capital, transaction costs, unilateral measures

We want to reiterate that there is no common interpretation of Article 2.1c, the Sharm el Sheikh dialogue was extended and strengthened and the decision on the way forward will take place in COP30. We therefore, do not support any reference to Article 2.1c as a standalone.