YOUNGO's Submission for the 6th Technical Expert Dialogue under the Ad hoc Work Programme on the New Collective Quantified Goal on Climate Finance

Background:

The New Collective Quantified Goal (NCQG) is intended to provide a framework for international climate finance through 2050 and is therefore key to the successful rebalancing of climate finance. With the expiration of the 100 billion goal in 2025, the NCQG is expected to come into force. In order to develop a needs-based NCQG, fundamental decisions on the framework must be made at COP28 and COP29. In addition, the NCQG must be embedded in a **fundamental reform of the financial architecture** to address the climate crisis as well as **interlocking crises such as the debt crisis** and to address systemic injustice.

The goal of the NCQG must be to reflect and address the **Global South's actual needs for mitigation, adaptation, loss and damage**, and to provide a framework for international climate finance. In addition, all countries must commit to financial support (subsidies, customs clearance, etc.) for sustainable businesses and sectors. The failure of the Delivery Plan's 100 billion target has set back global climate action and drastically weakened confidence in international institutions, negotiations and financial commitments. **The NCQG must be needs-based, predictable, flexible, accountable, transparent, and additional**. The focus of the sixth Technical Expert Dialogue (TED) in Bonn is the quantum of the NCQG and the concrete mobilization of financial resources. This results in the following requirements for Bonn:

Setting the **Quantum** for the New Collective Quantified Goal (NCQG)
1. The Quantum must be **based on the actual financial needs** to address the climate crisis. Financial needs must be scientifically and independently reviewed by a wide range of scientists (including experts from technological, socio-economic, environmental, and related disciplines) around the world, before being collated, analyzed, and summarised by the IPCC The global funding target must commit to achieving the 1.5-degree goal in terms of mitigation, a target set for adaptation, and should promote the SDGs. The NCQG should be a **floor, not a ceiling**. Therefore it should set a minimum level of financial resources to be mobilized, rather than limit the ambition of developed countries and other contributors. 2. The NCQG should provide a framework for global **climate finance goals for 2030 and 2040** with a **review cycle every five years**. The scientific review cycle must entail an adaptive and flexible increase in climate finance according to actual needs every five years analogous to NDCs and the Global Stocktake). It should be regularly adjusted to account on actual needs as well as for inflation, exchange rates, climate and non-climate

volatility.This shall exclude reductions. The annual climate finance target must be non-cumulative and be met every year.

3. The NCQG **must capture Mitigation, Adaptation, and Loss & Damage** in needs-based and risk-based subgoals to ensure balance in funding. These sub-goals must also be adjusted quinquennially to reflect actual, current needs. Loss and Damage recovery is needed to encompass the recovery of destroyed human settlements and deculturation (loss of cultural identity, alienation, and acculturative stress) due to climate-related losses and damages. This ensures a comprehensive, equitable, and just approach to addressing the impacts of climate change on developing countries.

Mobilisation and Provision of Financial Resources

1. The NCQG must provide a framework that ambitiously combines climate finance under Article 9 and 2.1c of the Paris Agreement. The reform of the international financial architecture must be in line with the needs-based, new goal. To do this,grants-based public finance from sovereigns, credit-based finance through international financial institutions, and private sector investment must be captured separately and should be targeted in sub-goals.The different financial flows must transparently meet the annual climate finance target. Grants-based finance must have a substantial, just share.

2. Innovative financial sources should be used to provide new additional blended and grants-based finance. We suggest a CO_2 and CH_4 levy, a tax on dividends and skimming of excess profits from unsustainable sectors, windfall taxes on record-breaking fossil corporation profits, and taxes on air and shipping traffic, to provide opportunities to generate new funds. They should disincentive unsustainable practice(s), while rewarding renewable measures. The money which is invested in fossil fuels needs to be rechannelled into climate finance. As requested by the IPCC, governments, banks, investment funds, and insurance companies must commit to not financing any new fossil fuel projects and phase out their current financing.

3. Debt cancellation, debt-nature swaps, and unconditional penalty free refinance for vulnerable countries in the Global South must be implemented with a justice perspective; to live up to the colonial and neocolonial-grown historic responsibility of the global North and ensure financial sustainability for undeveloped countries. New ways of the mobilization of financial sources must diminish the debt crisis, and recognize the Climate and Ecological Debt generated by industrial development.

4. [conclusion] Given the unequivocal scientific evidence and growing socio-economic volatility, the reality of climate change across all aspects of society and the environment, we stress the critical need for all parties to engage in open discussions to develop legally framed frameworks aimed at promoting sustainable financing and facilitating the transition towards a more sustainable future

Addressing Barriers and Ensuring Inclusivity:
1. It is crucial to develop a clear definition and tracking methodology for climate finance: To ensure that finance is truly addressing climate needs, a universally adopted definition of climate finance should be developed, which **must avoid the inclusion of scientifically unproven adaptation and mitigation solutions**. Alongside a climate-adaptive tracking methodology that should be robust and decentralized, ensuring transparency, accountability, and effectiveness, to monitor in real-time, report and learn on the progress made. 2. Data must be made accessible and clear to all on the amount of funding and where it goes. These reports should be prepared by governments and audited by independent parties every two years. 3. Enhance access to finance for Small Island Developing States (SIDS), Least Developed Countries (LDCs), and other vulnerable countries: Recognizing the unique challenges faced by SIDS, LDCs, and other vulnerable countries, special attention should be given to enhancing their access to climate finance, reducing the cost of interest, and addressing the perceived and real risks associated with investment in these regions. 4. In addition, to ensure broad inclusivity, the NCQG should address financial constraints that arise from independent third-party firms required for the reporting and review processes for the provisions under Articles 4.3, 7.9, 9.5, 13, and 14 of the Paris Agreement, this in consideration of the financial constraints faced by SIDS, LDCs, and other developing countries. Setting a price ceiling to address these financial gaps could help the aforementioned parties in meeting their obligations