Submission by the Republic of Zambia on behalf of the Africa Group of Negotiators (AGN)
On

7th Technical Expert Dialogue - New Collective Quantified Goal

The Africa Group recalls decision 9/CMA 3 and notes that the purpose of the new goal is to contribute to the accelerated delivery of actions and pledges of developing countries mitigation, adaptation and loss and damage NDCs, NAPs and other climate-related strategies and programs that should be implemented and delivered within the principles of the Paris Agreement particularly equity and CBDR as stipulated under Article 2.2

Overall, obligations and principles as stipulated in Article 4 of the Convention and Articles 2.2, 9.1 and 9.3 of the Paris Agreement respectively form the basis of engagement in setting the new goal. Setting the new finance goal must recognize that implementation of Articles 7, 8, 10 and 11 of the Paris Agreement is premised on the full fulfillment of financial obligations keeping to the principles of the Convention and Paris Agreement. In addition, article 13 of the Paris Agreement presents the framework that facilitates effective implementation within clear and transparent terms.

The NCQG work programme provides parties with a unique process to engage in a technical process that should foster a shared understanding of the nature of the goal – quantitative, qualitative elements and thematic focus, facilitative elements – access and channels, sources and instruments for its delivery, and transparency arrangements – methodologies for accounting and reporting. While this package of elements is crucial to consider if an ambitious, and responsive goal, considering the needs and priorities of developing countries is to be set, the African group, recalling decision 1/CP21 para 53 and 14 CMA 1 holds the view that further progress in 2023's NCQG work should be based on ratcheted efforts in unpacking the quantum of resources required to achieve the ambitious targets set by developing countries as contained in the NDCs, and also respond to the calls to enhance climate ambition up to 2030 as per the Glasgow and Sharm Elsheikh outcomes. Other important elements as outlined above should be discussed in the context of the quantum informed by findings of the IPCC and lessons learned from the USD 100B per year goal, and additional outcomes of COP28 related to speeding and scaling up of implementation.

the African group highlights the following elements as providing the clear guidance for our work under the NCQG:

- The NCQG is a continuation of the fast start and the 100 billion USD annual goal, thus it follows the same clear responsibility of developed countries to provide and mobilize a quantified sum of finance on annual basis.
- Article 9 provides us with the needed elements to formulate and quantify the NCQG.

- NCQG provides the clarity and predictability for further ambition and action by developing countries.
- The new goal should be a clear quantification of finance that builds on the expected actions to be taken by developing countries, this would clearly build on the science recommendation and be reflective of just transition pathways.
- Provision, mobilization, and delivery of the quantum should be done within clearly defined qualitative aspects building on lessons of the USD 100B goal.
- The NCQG is not a static process but rather a dynamic recurring process that reflects the updated science and the ambition cycle we have under the Paris Agreement.
- There should be clear criteria for burden-sharing between developed countries, which allows predictability, transparency, and accountability, such burden-sharing would enhance the delivery of articles 9.5 and 13.
- And finally, the fulfillment of the annual goal needs to be captured through the UNFCCC transparency regime and the SCF.

Responding to the co-chairs two points, the African group views are as follows:

Qualitative scope of the goal

- Article 3 of the Convention and article 2.2 of the Paris Agreement present key principles that apply to the determination of the qualitative elements of the NCQG. To be termed ''quality finance'', climate finance must respond to the needs and priorities of developing countries predicated on these overarching principles.

- Consideration of the qualitative scope of the goal should be across the entire streams of provision, mobilization, needs and priorities, delivery channels and instruments of climate finance. In this context, the AGN holds that:

    a. The predictability of financial provision and mobilization determines the extent to which African states can effectively plan, anticipate climate risks and impactfully implement climate action at scale. Considerations on what would ascertain predictable provision of finance must be made and should include approaches to ensure sustained, new and additional finance flows of provided and mobilized finance through multi-year funding commitments by developed countries.

    b. Climate finance must be delivered through instruments that are fair in line with principles under article 2.2 of the Paris Agreement. Grants and concessional loans are the primary instruments for finance provision (article 11.1 of the Convention). Use of additional instruments such as guarantees, forward cover for exchange rise and other hedging instruments that respond to the circumstances of developing countries, unlock finance, and lower the cost of capital and borrowing needs to be considered. The African Group reiterates that climate finance should not be delivered through instruments and mechanisms that exacerbate the debt distress of African countries resulting in shrank fiscal space to tackle climate change and poverty, hence increasing vulnerability. This qualitative nature of the new goal must avert failures of the USD 100 B which include the current significant delivery of climate finance through loans.

The qualitative scope of this new goal should include discussions on climate finance and debt distress and the structuring of financial instruments considering the varying nature of climate needs – with particular attention given to adaptation, loss and damage, and just transition needs. The ambition must be to design qualitative measures that ensure climate finance is provided in instruments and terms that are fair and can effectively support climate action.

c. Mobilization of climate finance should deliver quality finance in developing countries. Discussions on the qualitative elements of the NCQG must reflect on measures that will guarantee the availing of quality finance to developing countries. Expectations relating to the quality of finance should be expressed in the interaction between public and private funds. Learning from the shortcomings of the USD 100B goal, the African group notes that qualitative measures in mobilization will benefit from considerations of existing leveraging approaches in practice within the climate finance landscape. Such considerations would entail interrogating existing leveraging practices between public and private finance with an aim to clarify the understanding of leveraging in the context of fair and transparent finance flows to developing countries and determining quality standards (expectations) for approaches where public finance and intervention mobilize private finance.

   The UNFCCC NCQG process should consider finance provision and leveraging approaches outside the UNFCCC such as within MDBs in a bid to set quality expectations underpinned by principles of the Convention and Paris Agreement.

d. Needs and priorities of developing countries form the basis of setting the NCQG. Finance must respond to these needs and priorities in a country-driven manner. Therefore, qualitative discussions need to focus on how best to support country-driven strategies and ownership including strengthening institutional capacities in the context of climate finance and responding to the whole spectrum of mitigation, adaptation, loss and damage, and just transition needs of African countries, building from lessons of the USD 100B.

e. Formulation of the new goal needs to be informed by data, science and outcomes of the GST and it should be reflective of the targets and contributions set forth, in different sectors as relevant, it should also have clear criteria to ensure a fair share for Africa and avoid increasing gaps between regions due to lack of flow of investments and finance

Africa notes the importance of ringfencing financing for adaptation and loss and damage through thematic targets. Recalling the region's vulnerability and special circumstances, the African Group outlines the importance of geographical allocation targets for African States, LDCs and SIDs.

Transparency arrangements under the NCQG

- The Enhanced Transparency Framework provides the basis to track the progress of financial resources provided and mobilized to developing countries, as well as information on support needed and received by developing countries.

- Further elements that would need to be considered in the context of transparency arrangements are:

a. Definitional and methodological issues in accounting and reporting of climate finance - Taking stock of USD 100B has featured various challenges emanating from use of varying accounting methods causing unclarity. Discussions on the new goal must seek to avoid such challenges. The new goal process offers the opportunity to discuss key issues such as double counting from source and mobilized private finance through public intervention. Ongoing important work on definitions of climate finance should inform the NCQG process. The African Group envisions an NCQG outcome that includes a tighter reporting regime with appropriate and additional Modalities, Procedures and Guidelines that seek to avoid persistent challenges due to the use of diverse methodological approaches.

b. Progressive stock-take of delivery of the new goal through NCQG reports - Learning from the USD 100B, it will be necessary that biennial NCQG progress reports be developed to take stock of finance provided and mobilized. The report should consider both quantitative and qualitative elements of the goal. NCQG progress reports should be part of the ETF and developed by the Secretariat drawing from the synthesis of Biennial Transparency Reports (BTRs) in line with decision 18/CMA. 1 para 6. The African Group notes the importance of regular reviews of the methodology used, what is reported, and the level of detail to continually enhance the transparency arrangements for the new goal reporting.

Matters relating to periodic review and update of the NCQG

- Periodic review and update of the NCQG annual targets – African Group supports a goal, 2025-2030, with annual targets that will be reviewed and updated periodically based on developing country needs and priorities and the evolving findings of climate science. Additionally, reporting on progress as described under para b of the transparency arrangements section should be against annual targets. This reporting will inform the periodic review and update of the new goal.

- African Group views it crucial to link the NCQG process with the next Needs Determination Report and Global Stocktake. TED 7 provides the opportunity to define this including discussing syncing of the different timeframes in a bid to ensure a comprehensive review and update of the goal.

Finally, relating to the format of the dialogue, the African group believes that the discussion around the qualitative scope and transparency arrangements should center needs, priorities and national circumstances of developing countries including drawing lessons from the USD 100B. The group underscores that these discussions should consider the relationship between the goal's periodic review and update and transparency arrangements.