

The New Collective Quantified Goal on Climate Finance: Issue and Options

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Center for Climate and Energy Solutions

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A. Summary

1. The adoption of the new collective quantified goal (**NCQG**) on climate finance is a key mandated deliverable for COP29, and will mark a new era of financial support for Parties. A positive outcome is crucial, as the NCQG is seen by many as an important symbol of the world’s solidarity and commitment to climate action, and will set the context for subsequent climate ambition and implementation.
2. The first Global Stocktake (**GST**) acknowledged the cost of implementing current nationally determined contributions (**NDCs**) at US\$5.8-5.9 trillion in the pre-2030 period.¹ As Parties submit new and more ambitious NDCs in the first quarter of 2025, the need to mobilize greater financial flows towards climate action will increase.
3. The process to agree the NCQG would be most useful were it to stimulate frank and honest discussion of what finance is needed to deliver climate action and implementation at the level required to achieve the goals of the Paris Agreement, as well as realistic options to deliver that finance.
4. It is clear that in order for Parties to agree on the formation of the NCQG in Baku, Parties will need to transition to draft negotiating text on the NCQG well ahead of COP29.
5. Early and continuing political engagement will also be crucial to a successful NCQG outcome. Parties decided that political guidance, including in the form of the high-level ministerial dialogues, be provided “well before” CMA6, but modalities and timing remain to be decided.
6. Through stakeholder input collected from 2022-2023, the co-chairs of the NCQG ad hoc work programme identified ten key elements of the new goal. These include: (i) temporal scope; (ii) structure; (iii) quantum; (iv) structuring of the quantum; (v) financial sources; (vi) relationship of the goal to Article 2.1(c); (vii) qualitative elements; (viii) tracking and reviewing progress; (ix) frequency of reporting; and (x) Party-driven periodic revision.
7. As Parties determine their priorities for the NCQG as a whole, it will be important to consider: possible framings for the goal; linkages between its key elements; its integration with existing UNFCCC processes; as well as reporting and data collection.

Questions for consideration

- How can trillions of dollars needed to implement current and future NDCs be made to flow?
- Given the many interlinkages, is there an ideal sequencing to the NCQG elements?
- At what point and in what form would political input be most effective?
- What would it take for climate finance to be seen as an investment, rather than a cost?

B. Context

8. At COP21, Parties decided that, prior to 2025, the CMA would set a NCQG. Mandates related to the substantive form of the NCQG include the following key features:
 - a floor of US\$100 billion per year²
 - taking into account the needs and priorities of developing country Parties³
 - the aim to strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.⁴
9. At COP26, Parties initiated the NCQG ad hoc work programme. The work programme's annual activities have consisted of: four technical expert dialogues (**TEDs**); a high-level ministerial dialogue (**HLMD**); stocktaking and guidance; and submissions by Parties and non-Party stakeholders, with the aim of gathering input on key elements of the NCQG.⁵
10. At COP28, Parties decided to transition the mode of work to enable the development of a substantive framework for draft negotiating text. This work includes at least three TEDs with corresponding meetings for Party discussion before COP29. The NCQG co-chairs will deliver a workplan with meeting specifics no later than March 2024.⁶ TED9 and the first NCQG workshop will be held in April in Cartagena, Colombia.
11. The adoption of the NCQG is a mandated deliverable for COP29. It needs to mark a new era of support for Parties informed by the costs and opportunities of action and implementation.
12. The UAE Consensus identified the cost of enacting the current NDCs of developing country Parties at US\$5.8-5.9 trillion in the pre-2030 period.⁷ Estimates included in the Intergovernmental Panel on Climate Change (**IPCC**) Sixth Assessment Report identify mitigation financing needs between US\$1.7-2.4 trillion annually, and adaptation needs between US\$140-300 billion annually.⁸
13. Under the new 'Road map to Mission 1.5' activities, the COP28, COP29, and COP30 Presidencies will strive to "significantly enhance international cooperation and the international enabling environment to stimulate ambition in the next round of nationally determined contributions."⁹ The provision and mobilization of climate finance will undoubtedly play a key role in these efforts.
14. The NCQG outcome at COP29 will be a key influence on the confidence that developing country Parties will have that the NDCs they come forward with in 2025 are implementable – and so could serve to enhance or dampen ambition.

C. Issues and options to be discussed ahead of COP29

Political Considerations

15. The 2023 NCQG co-chair’s summary identifies numerous elements for further political guidance including thematic scope, quantum, contributor base, and time frame.¹⁰
16. At CMA5, Parties decided that the 2024 HLMD on the NCQG be convened “well before” CMA6 and emphasized the need for “effective, inclusive and meaningful” political engagement, including but not limited to the HLMD.¹¹
17. Options for early political input could include ministerial engagement or signals from a number of existing sessions, including: the G20 Sustainable Finance Working Group; G20 Task Force on a Global Mobilization against Climate Change (**TF-CLIMA**); Petersberg Climate Dialogue; the Ministerial on Climate Action; the 60th sessions of the UNFCCC Subsidiary Bodies; and ministerial meetings in connection with the UN General Assembly.

Major NCQG Elements

18. Based on input from written submissions and TEDs, the NCQG co-chairs have organized possible components of the new goal into ten major elements,¹² summarized below:

| NCQG Element | Options |
|--|--|
| Temporal scope , including tracking progress and revising the goal to ensure alignment with the evolving needs of developing countries. | Five options range from short-term (5 years), medium-term (10 years), long-term (up to 2050), and a combination of these timeframes. Further clarity is also needed on the start date (e.g. beginning 2025 or 2026). |
| Structure , including quantitative and qualitative elements of the goal. | Three options range from a quantitative goal with time frames or in absolute dollars, or a combination of quantitative goal and guiding principles. |
| Quantum , including how to determine the amount of financing provided or mobilized. | Seven options range from a bottom-up needs determination, an outcome-based quantum, a contributor-basis quantum, a GNI/GDP percentage-based quantum, or various combinations of these factors. |
| Structuring of the quantum , representing possible allocations by varying priorities. | Three options range from a layered ‘onion’ structure with quantitative elements for different actors, a structure with sub-goals for thematic areas, or a structure with sub-goals for different sources of finance. |
| Financial sources , representing sources to be taken into account towards the goal in line with Article 9 of the Paris Agreement. | Four options, along with numerous sub-options, range from differentiation between sources of finance, between provision, mobilization, or alignment, differentiation between the roles of different actors, or a reflection of the multi-layered approach of the Kunming-Montreal Global Biodiversity Framework. |
| Relationship between NCQG and Article 2.1(c) of the Paris Agreement | Four options range from the inclusion of Article 2.1(c), the inclusion of qualitative elements in the goal, the reflection of the NCQG as a part of a broader Article 2.1(c) interpretation, or no integration of Article 2.1(c). |

| NCQG Element | Options |
|---|---|
| Qualitative elements , representing principles or aspirational framing. | Two options include the reflection of various qualitative principles (e.g. aiming to keep the NCQG consistent with Article 9) and the inclusion of an aspirational goal (e.g. the roles of various stakeholders). |
| Tracking and reviewing progress , including how progress will be reported. | Three options range from reporting through the Enhanced Transparency Framework, setting up a different UNFCCC tool to facilitate data collection, or mandating data to be collected by other UNFCCC processes. |
| Frequency of reporting , to include how often Parties will provide progress updates. | Five options spanning reporting on an annual or biennial basis, to periodic reporting based on milestones or a combination of reporting frequencies. |
| Party-driven periodic revision , including time frames for modification of the goal. | Three options range from short-term (5 years), medium-term (10 years), to long-term (>10 years). |

D. Considerations

19. With regards to the elements and options identified by the NCQG co-chairs, the following factors could be considered as Parties determine their preferred options for the NCQG:

- **Quantum**
 - A core public finance component to provide clear signals of support for Article 9
 - An ambitious but feasible quantum that can realistically be delivered
- **Structure**
 - A multilayered approach that moves beyond only public finance from a limited donor base to a pathway to mobilizing trillions in climate finance
 - Consideration of the precedent set by the layered agreement of the Kunming-Montreal Convention on Biological Diversity
 - Potential for the strategic deployment of public finance to address market failures
- **Relationship between NCQG and Article 2.1(c) of the Paris Agreement**
 - Degree of reflection of relationship within the goal, if any
 - Incorporation of past and future work under the Sharm el-Sheikh Dialogue¹³
- **Reporting, tracking, and reviewing progress**
 - Integration with existing UNFCCC transparency arrangements, and possible process revisions that may be needed to gather necessary data to track NCQG progress
 - A clear definition of climate finance for new, additional, and climate-specific sources
- **Qualitative elements**
 - Assurances that finance obligations outlined in Article 9 will remain intact
 - Ways in which progress towards qualitative elements can be measured

¹ Decision -/CMA.5, para 67. Outcome of the first global stocktake.

https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf

² Decision 1/CP.21, para 53. <https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf>

³ Ibid.

⁴ Decision 14/CMA.1. https://unfccc.int/sites/default/files/resource/CMA2018_03a02E.pdf

⁵ Decision 9/CMA.3. https://unfccc.int/sites/default/files/resource/CMA2021_10_Add3_E.pdf

⁶ Decision -/CMA.5, para 12. Matters relating to finance, New collective quantified goal on climate finance.

https://unfccc.int/sites/default/files/resource/cma5_auv_10e_NCQG.pdf

⁷ Decision -/CMA.5, para 67. Outcome of the first global stocktake.

https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf

⁸ IPCC Working Group III, Sixth Assessment Report: 15.1 Investment and Finance. “Climate Finance – Key Concepts and Scope.” (2022). <https://www.ipcc.ch/report/ar6/wg3/chapter/chapter-15/>

⁹ Decision -/CMA.5, para 191. Outcome of the first global stocktake.

https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf

¹⁰ “Ad hoc work programme on the NCQG, Report by the co-chairs.” (November 2023)

https://unfccc.int/sites/default/files/resource/cma2023_11.pdf.

¹¹ Decision -/CMA.5, paras 17-18. Matters relating to finance, New collective quantified goal on climate finance.

https://unfccc.int/sites/default/files/resource/cma5_auv_10e_NCQG.pdf

¹² Further options detailed in Annex I-IV, pages 18-25 of NCQG Co-chair’s Report (9 above)

¹³ Decision -/CMA.5, para 8. Matters relating to the Standing Committee on Finance.

https://unfccc.int/sites/default/files/resource/cma5_auv_10a_scf.pdf