

## **YOUNGO's Submission for the 9th Technical Expert Dialogue and 1st Meeting under the Ad hoc Work Programme on the New Collective Quantified Goal on Climate Finance**

The document is structured as follows:

- 1. Vision for the framework of the NCQG**
- 2. Message for the Observer Engagement in the AHWP**
- 3. Message for the work program (TED9-12; AH meetings)**
- 4. Key priorities and open questions**
- 5. Contribution to identifying outstanding options for the negotiation next**

### **Envisioning the framework of the New Collective Quantified Goal (NCQG)**

The NCQG should give a strong progressive political message of accountability for Parties and other stakeholders of the financial system to raise ambition and facilitate the track of progress towards meeting the various financial needs and efforts of countries and relevant actors to respond to the climate crisis in a collective and systemic manner.

This requires understanding the challenges faced by an undefined spectrum of a **climate finance definition**, learning from the mistakes of the USD 100 billion goal and acknowledging that given the political nature of setting a global financial agreement, there is no best one-size-fits-all approach to respond to an ever-changing planet and global society.

The new Climate Finance Goal should be *fit for purpose* having different layers of progress toward targets in quantitative and qualitative dimensions, similar to a balanced scorecard containing quantitative and qualitative goals, thematic subgoals, indicators, and principles based on the economic to follow progress towards contributing to financial needs and priorities of emerging markets and developing economies (EMDEs), and overall contributing to improve the readiness and resilience of the financial system.

This should be done in the context of overcoming challenges to meet the climate goals, creating a more robust global climate finance framework and creating synergies to achieve the Multilateral Environmental Agreements (MEA) in a systemic matter; including achieving gender and intergenerational responsiveness. Climate finance quantitative goals must be predictable, needs-based, and adaptable, utilising the latest data and scientific findings. Complementary subgoals should measure progress towards creating a financial system that is fit for purpose and serving the intersectional needs to respond to the global climate challenges.

## Observer Engagement in the AHWP

We appreciate the continued engagement of observer organisations. Considering the significant involvement of civil society representatives throughout the NCQG technical process, including through submissions and expert participation in discussions, the consecutive meetings of the TED and the AHWP present an opportunity for civil society to contribute submissions and inputs at every stage of the political negotiations, on par with submissions and inputs from Parties. We reiterate that youth and children encounter specific challenges in actively participating in the process. We advocate for continued and expedited support for the following:

- **Early provision of information:** Timely provision of information is essential for us, as we all contribute voluntarily without financial compensation, alongside managing our school, university, or job commitments. Our internal procedures for selecting representatives typically require at least 10 days. Initiating a position-building process with youth and children worldwide is a time-intensive endeavour. Unfortunately, this time, the notification arrived exceptionally late. Therefore, we kindly request earlier communication regarding events and submission topics.
- **Financial Support:** We lack the financial means to participate in finance negotiations, which unfortunately leads to unequal access to knowledge and opportunities, primarily benefiting privileged members of our team. The transfer of knowledge and the familiarisation of new members is significantly disrupted. While we understand the limitations preventing the secretariat from providing support, it is crucial to continue highlighting the significance of addressing this challenge. We welcome the opportunity to attend the events online.
- **Ensuring access for observers to the AHWP:** To maintain the continuity of discussions with all stakeholders, including civil society, it is imperative to avoid informal consultations and informal informals. At this stage of the negotiations, excluding observers would be counterproductive and would only increase the politicisation of the discussions.

## Process - TEDs & AHWP Meetings

Especially in TED 5-7, various options for different elements were identified. We are highlighting the need for the TED9 and AHWP to recognize these discussions and the significant interdependence among them. For example, the scale of types of finance is closely linked to its quality, while the structure plays a crucial role in shaping qualitative aspects such as ensuring adequate adaptation finance. Rather than revisiting individual topics, the focus should be on connecting different elements and fostering dialogue to bridge the gap between parties. The establishment of the TEDs and AHWPs should aim to avoid becoming mired in political debates regarding the scale and contributors of a new climate finance goal. The approach in TEDs should remain a technical one, although the definition of the NCQG is highly political. So the question is how to address political issues in the process throughout the year without completely displacing technical elements.

# Key Priorities & Open Questions

## Needs-based, dynamic Goal

YOUNGO aims for a needs-based goal that is reviewed every 5 years alongside the GST cycle. The following questions need to be addressed:

- *Which technical and scientific sources (Needs Determination Report, IPCC, ect.) need to be considered to assess the needs?*
- *How to ensure local communities and indigenous peoples' needs are addressed ?*
- *How to include Loss and Damage in the needs assessment?*
- *What steps are involved in defining the process of determining financial needs?*
- *How can we enhance addressing needs through a robust structure that centres public finance (adaptation & L&D Subgoal, public finance Subgoal, ect.)?*

## Intergenerational Responsiveness and Inclusion

The NCQG must not only address current financial needs for climate mitigation, adaptation, and recovery but also safeguard environmental integrity and economic viability for future generations. This entails committing to investments that do not compromise future generations' ability to meet their own needs, particularly in the face of escalating climate risks. This includes youth and children having more participation in the decision-making of policies and being recipients of climate finance. For instance, only 2.4% of Multilateral Climate Finance support projects that incorporate child-responsive activities, and when children are considered, they are usually addressed as a vulnerable group rather than as agents of change according to the [CERI Report](#).

## Ensuring high Quality

The genuine value of a quantity becomes evident only through an evaluation of the quality of the currency involved. **The NCQG must avoid exacerbating the debt crisis and instead prioritize public grant-based finance**, which requires the **phasing out and reallocation of fossil fuel subsidies and the reallocation of military spending**. Additionally, considerations such as human rights, indigenous peoples' rights, intergenerational equity, and gender responsiveness must be addressed through qualitative standards. Establishing a clear definition of climate finance is imperative to uphold the high quality of the quantum. To deliver on this key priority the following questions need to be answered:

- *Defining the next steps and a timeline to agree on a draft Climate Finance Definition before the COP29 during the AHWP. How can we ensure effectiveness and additionality when establishing a definition for climate finance?*
- *How to ensure qualitative elements in the structure of the goal (grants-based Finance subgoal, parameters, indicators, principles, etc.)?*
- *How to improve reporting on qualitative elements like child and youth responsiveness, and gender-responsiveness?*
- *How can the qualitative elements of the goal also capture transformational change like a call for a governance reform of the International Financial Institutions or redirecting financial flows from Fossil Fuels?*

## Safeguard Accountability

We must draw lessons from the shortcomings of the USD 100 Billion Goal, which was not met in its initial years and involved some countries failing to contribute their fair share while

reporting funds that should not be classified as climate finance. Setting goals only to fail to meet them costs us the most important asset we have in multilateral processes - trust. To uphold accountability, the following questions warrant discussion:

- *How to translate the collective effort into national climate finance contributions?*
- *How to restore the trust, if the annual goal is not met?*
- *How can the Enhanced Transparency Framework best bolster accountability effectively and which additional arrangements should be added?*

We acknowledge that some of our key priorities may appear utopian, but envisioning a future aligned with our demands, however idealistic they may seem, is imperative for necessary progress. We do not require another lofty climate finance goal condensed into a single paragraph, especially one that remains unattained and merely symbolic. We need a comprehensive, effective goal that really addresses the needs and ensures accountability.

## Outstanding Options for the Negotiation text

Following is a recommended set of preferred options expanded from the ones identified on the [Ad hoc work programme on the new collective quantified goal on climate finance annual report by the co-chairs](#) (in the order they were presented).

### Options for the temporal scope of the new collective quantified goal on climate finance:

The NCQG should be a combination of goals and timeframes, updating their 2050 and 2030 targets with the latest and best available data.

- Short-term following the global stocktake to align with the needs of NDCs and the GGA
- Midterm following 2030 targets
- Long Term following 2050 targets

### Options for the structure of the goal

The structure layers of **high-level political messages**, and a **set of sources, principles, quantitative goals, and qualitative targets and indicators of progress**. (*see Annex 1 for our expanded draft*)

### Options for ways to determine the quantum of the new collective quantified goal on climate finance in the context of its aim of contributing to accelerating the achievement of Article 2 of the Paris Agreement

***Options for ways to approach determining the quantum of the new collective quantified goal on climate finance.***

Option 7: Setting a quantum based on a combination of options - specifically along with Option 6: Setting a quantum-based on a certain percentage of the **GNI or GDP** of developed country Parties, plus a science-based percentage that takes into account % **historical emissions**; and other linked sources of high **GHG emissions sectors like military spending**.

***Options for structuring the quantum of the new collective quantified goal on climate Finance***

Option 3: Structure based on different sources of climate finance and the role it can play. The different sources need to include both the public and private sectors, as well as innovative sources. Philanthropy must be excluded as it is not additional.

**Options for potential sources of finance for the new collective quantified goal on climate finance in line with Article 9 of the Paris Agreement:**

Sub-option 3: A multilayer approach with international public sources at the core of the NCQG and private and innovative sources (carbon taxes, taxes on the profits of polluting industries, taxation of legacies and the wealthiest individuals) as the outer layers, with arrangements for tracking finance flows;

**Options for Identifying quantitative and qualitative elements and sources of finance that lead to a reduction in financial sources promoting emission-intensive and non-resilient development;**

**Subgoals that are qualitative in nature to show progress in creating a stronger and climate-resilient financial system.**

- **Increasing institutional capacities of countries to improve climate risk market agencies, sustainable stock markets, central banks, etc.**

**Thematic subgoals and indicators that lead to the implementation of 2.1c while improving the readiness of the global financial system.**

- **Qualitative indicator referring to progress made in redirecting finance flows to incentivize more sustainable investment practices**
- **Number of levies or taxes with a real potential to secure climate and sustainable development finance, while ensuring fairness and equity, by COP30. (Success of the taskforce on international taxation)**

**Sources of financial flows that need to be redirected: Segmenting high GHE financial sources:** fossil fuel subsidies, military budgeting, chemical industry, metallurgy, construction, fast fashion, etc.

**Indicators to measure the progress of other nuanced approaches. Eg. progress towards a global carbon reward system<sup>1</sup>.** A global carbon reward system is to provide debt-free conditional grants in ways that are scalable, cost-effective., and coordinated for

<sup>1</sup> <https://globalcarbonreward.org/18599-2/>

strategically decarbonizing the global energy system and major industries, including hard-to-abate industries. The carbon reward policy will introduce a new financial asset, notionally called a tradable carbon asset. One unit of the carbon asset will represent 1 tonne of CO<sub>2</sub>e that is strategically mitigated for 100 years or more. The carbon asset will be offered for (1) significant and strategically important reductions in greenhouse gas emissions, and (2) atmospheric carbon removal-and-storage. A major feature of this market-based approach is that the verified stock of mitigated carbon will be retired immediately and will not be traded in carbon markets. In other words, the carbon asset only trades economic value, and it does not trade rights to the mitigated carbon. Unlike carbon credits, this asset is designed to trade economic value without directly trading the mitigated carbon rights, thereby avoiding complications with carbon offsetting, international mitigation outcomes, and national contributions, and reducing the risk of greenwashing.

**Options for ways to frame the qualitative elements of the new collective quantified goal on climate finance**

**In support of Option 2:** Determining the qualitative elements of the NCQG as part of set of principles and in the form of an aspirational goal.

Sources: National Plans should contribute to measuring the goal

**Options for tracking and reviewing progress towards the new collective quantified goal on climate finance**

**Option 3:** Aggregate reporting, ETF + additional arrangements.

**Options for Frequency of Reporting**

**Option 4:** Every year by the SCF

**Options for Party-driven periodic revision**

**Option 2:** Short-term time frame (5 years), alongside the GST cycle

**Annex 1**

<b>Structure of the NCQG</b>	
<b>Global Goal</b>	<p><b>Total annual mobilisation goal for contributing countries</b></p> <p><b>World % GDP actual towards mobilising support for climate action</b></p>

	Flexible per year, set to economic conditions derived from the subgoals Calculated based on the needs of developing countries		
<b>Guiding Principles</b>	<b>CBDR-RC, Climate Justice, Human Rights, Equity, Intergenerational and gender responsiveness, Indigenous peoples rights</b>		
<b>High-Level Political Messages</b>	<p><i>Provision and mobilisation of funds to contribute to bridging the gap of developing country's needs and priorities in the context of CBDR-RC</i></p> <p><b><i>New, predictable and additional finance</i></b></p> <p><i>Flexible to the circumstances and based on the needs of countries</i></p> <p><i>Serve as an accountability mechanism</i></p> <p><b>Shift private and development capital and aligning financial flows towards low GHG emissions and climate-resilient development</b></p> <p><b>Advancing towards a more sustainable global financial system</b></p> <p><b>Achieving progress towards International Equity Climate in response to the challenge of responding to climate change</b></p> <p>Meeting the climate goals, setting pathways towards financial flows consistent towards Low GHG emissions and climate-resilient development,</p> <p>Give inputs to the development of financial strategies of countries, increase collaboration and create capacities to unlock more finance.</p> <p><b>Improving the quality of provision and mobilisation of climate finance</b></p>		
<b>Source</b>	<b>Public Finance</b>	<b>Private Finance and Blended Finance</b>	<b>Multistakeholder</b>
<b>Thematic Subgoals</b>	<p><b>Total annual target from Contributor Countries</b></p> <ol style="list-style-type: none"> <li><b>1. Mitigation Goal</b> based on achieving developing countries NDCs, BURs and NDRs</li> <li><b>2. Adaptation Goal</b> taking into account the Doubling adaptation finance commitment, needs set out in NAPs and in relation to GGA</li> <li><b>3. L&amp;D Goal</b> Based on the NDRs and BURs</li> </ol>	<b>The total annual target from the Private sector</b>	<p><b>Making financial flows consistent with a pathway towards low GHG emissions and climate-resilient development</b></p> <p><b>Improving fiscal space with debt measures that turn into investments toward climate resilient development</b></p>

<p><b>Quantitate indicators</b></p>	<p><b>%of GNI Provided to developing countries</b></p>	<p><b>The private sector participation must be under the responsibility of the party, so how much they are mobilised will be up to the party to decide and achieve. If the party doesn't succeed in raising as much as it hopes, it will have to contribute the missing money</b></p>	<p><b>% of financial flows aligned</b></p> <p><b>% of guarantees aligned to an operational climate finance definition</b></p>
<p><b>Qualitative Indicators</b></p>	<p><b>Quality of finance (% grant-equivalent finance), predictability and accessibility of finance</b></p> <p><b>Intergenerational Equity and Gender responsiveness.</b></p> <p><b>Vulnerable communities and Indigenous peoples needs</b></p>		