LMDC submission for the 11th Technical Expert Dialogue (TED) and the Third meeting of the ad-hoc work program on the New Collective Quantified Goal (NCQG)

Context and Mandate

This process is under the Convention and its Paris Agreement. Regardless of attempts to delink them, the Paris Agreement was adopted under the Convention, and we are not here to discuss modifications to their content. That is **not** our mandate.

Decisions concerning the setting of a new collective quantified goal on climate finance (NCQG) include, decisions 1/CP.21, para. 53; 14/CMA.1; and 8/CMA.5. These decisions mandate the developed countries to provide climate finance to developing countries. In this context, we would like to outline the key principles and requirements to guide the NCQG discussions and outcome.

Key Principles and Requirements

1. Equity and CBDR-RC Principle:

The Convention and its Paris Agreement are premised on the principles of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC). We have not agreed to change it, and this is not the platform to change it. Any attempt to equalize regulatory regimes jeopardizes the existing consensus of the UNFCCC regime. Calls for changes in regulatory systems, which are under the jurisdiction of sovereign governments, are uncalled for and are outside of the mandate of the NCQG.

2. Reflecting Article 9 of the Paris Agreement:

NCQG and its features must be in accordance with Article 9 of the Paris Agreement and the principles and provisions of the Convention. This means that developed countries must deliver the goal to developing countries in line with equity and common but differentiated responsibilities, considering country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change.

3. Closing the Pre-2025 USD 100 Billion Finance Gap:

The process must reflect clearly concerns over the inadequate and insufficient support provided by developed countries so far, as well as point to the urgent need to close the gaps in their climate finance commitments of USD 100 billion.

4. Purpose of NCQG:

The purpose of the NCQG is to support the implementation of Article 2 in developing countries in accordance with Article 9. NCQG must be based on the priorities and needs of developing countries and support country-driven strategies, with a focus on NDCs and NAPs as per the 2023 NCQG decision, and consider needs expressed in ACs and LTSs along with other national plans.

5. Inclusion of Loss and Damage:

The goal must include loss and damage response alongside mitigation and adaptation, at minimum, to address developing countries' evolving needs as outlined in para 26 of decision 8/CMA.5.

6. Operationalisation of Articles 9(4) and 9(9):

This includes the scaled-up provision of financial resources from developed countries, balancing adaptation and mitigation finance, delivering public and grant-based resources especially for adaptation and loss and damage, ensuring highest level of concessionality, the centrality of country-driven strategies, and the needs and priorities of developing countries, especially those that are particularly vulnerable to climate change and have significant capacity constraints, such as SIDS and LDCs.

7. Transparency Arrangements:

Transparency arrangements must relate to an agreed definition of climate finance. Loans at market rate and private finance at market rate of return cannot be termed climate finance under the NCQG. Climate finance must be concessional, not include loans at market rate, private finance at market rate of return, or finance that does not support activities and needs outlined by developing countries in their national plans. Transparency for the NCQG must be anchored in the Enhanced Transparency Framework for backward looking reporting and Biennial Reporting under 9.5 for forward looking reporting.

Climate finance provided and mobilized must be 'new and additional' to any finance classified as official development assistance (ODA) and other official flows (OOF), as opposed to retagged or repurposed ODA, OOF, and finance committed under other international regimes.

8. No Additional Conditionalities:

NCQG must not impose additional conditionalities on access to climate finance from developed countries to developing countries and needs to address systemic inequities to access for developing country Parties. It must simplify access features across all relevant channels to ensure efficient and swift access to support, and enhance the coordination and delivery of climate finance for developing countries. Support for readiness and transparency shall be solely public and grant-based resources.

9. Public Finance Provision:

NCQG must be delivered via the provision of public finance in a grant-based or concessional manner to address the macroeconomic constraints of developing countries, including limited fiscal space. The goal should ensure net-economic benefits for developing countries and exclude any feature relating to domestic resources of developing countries. The provision of public finance must support the implementation of non-market-based approaches in the context of Article 6.8 of the Paris Agreement, including the provision of financial support for joint mitigation and adaptation approaches for the integral and sustainable management of forests alternative to results-based payments as per Article 5 of the Paris Agreement.

10. Burden Sharing Among Developed Countries:

NCQG should provide a clear agreement on burden sharing among developed countries to establish their 'fair share' of their collective obligation to provide climate finance. This will ensure predictability, transparency, and accountability.

11. Avoiding fiscal constraints

Financial resources from developed countries should be provided as grants or highly concessional financing to prevent exacerbating fiscal constraints in developing countries. Concessionality level of climate finance provided and mobilised must take into account the levels of debt sustainability for developing countries, in particular for those most vulnerable.

12. Addressing Dis-enablers of Climate Finance:

NCQG must address dis-enablers of climate finance such as the high cost of capital, high transaction costs associated with access, capacity constraints, indiscriminate assumptions of corruption and unilateral measures such as CBAM, climate-related tariffs and substantial climate subsidy packages.

13. Timeframe

The quantum set in the NCQG decision will be active from 2025-2030 and be updated for 2030-2035 in 2029, in line with the NDC cycles and others processes under the UNFCCC, so it can be adjusted according to the evolving needs of developing countries.

LMDC Recommendations on Structure, quantum, and timeframe:

The goal should be ambitious, shifting from billions to trillions of USD per year to meet the current and evolving needs of developing countries, reflecting at least USD 1 trillion mobilized by developed countries per year from 2025 to 2030, and updating it until 2035 based on evolving needs.

1. New Streamlined Input Paper:

We give NCQG co-chairs the mandate to develop a streamlined input paper which reflects balance, clarity and focus on the core mandated elements of the goal.

2. Package Options:

Request the Co-chairs to present several package options for the NCQG, allowing for a comprehensive assessment of different approaches and their impacts, reflecting broad packages that reflect convergence points, for example:

Example of a package:

Package 1	
Preamble, context, principles	• …. • …. • ….
Structure, quantum, timeframe	• …. • …. • ….
Qualitative elements	• …. • …. • ….
Transparency arrangements	• …. • …. • ….
Other issues	• …. • ….

	• ....