



New Collective Quantified Goal Eleventh Technical Expert Dialogue and Third Meeting under the Ad-Hoc Work Programme

Submission from Mercy Corps, Plan International and Concern Worldwide, 31 July 2024

We welcome the opportunity to respond to the call for Parties and Observer Organizations to submit views to the next meetings of the New Collective Quantified Goal on climate finance (NCQG).

We also welcomed the opportunity to join negotiators in Bonn during TED10 and AHWP2 and appreciate the co-chairs' efforts. We recognise and welcome the detailed proposals shared by AOSIS¹, including on key issues such as access and concessionality, as well as first indications on possible quanta shared by the AGN,² Arab Group³ and India.⁴ These offer very useful starting points for the NCQG text.

It is critical that TED11 and AHWP3 identify areas of convergence. To support this, we highlight below key issues to ensure that the NCQG can fulfil its mandate and support the ratcheting up of ambition and implementation impact of the Paris Agreement.

Context

The principle of common but differentiated responsibility and respective capabilities (CBDR-RC) remains a core principle of UNFCCC and was very clearly articulated in Article 2.2 of the Paris Agreement, as follows: "This Agreement will be implemented to reflect equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances." This language should be reproduced in the context of the NCQG.

The context should also clearly state that the NCQG has been developed to meet the needs of developing countries and that the goal is needs- and science-based.

Quantum

In contrast with the \$100bn goal, the NCQG must be based on developing countries' needs and delivered where most needed to communities most impacted by the climate crisis. Thus the

¹ [AOSIS submission on the NCQG](#)

² [Submission by the Republic of Zambia on behalf of AGN NCQG ted6.docx \(unfccc.int\)](#)

³ [202402150845---20240702_Arab_Group_NCQG_Workplan_2024_Final.pdf \(unfccc.int\)](#)

⁴ [202402131316---India_NCQG_submission\(1\).pdf \(unfccc.int\)](#)

quantum will require review as clearer articulations of need are received and as the science evolves. While different estimates exist, all agree that the financing required is in the trillions of US dollars a year.⁵

This must be predominantly made up of public finance provided as grants. Currently, loans make up 69% of all international public climate finance, requiring developing countries to pay back more than they receive – this is entrenching existing inequalities, exacerbating debt crises in climate-vulnerable countries and is deeply unjust. A major shift towards increased public finance is required.

As required by the UNFCCC, climate finance should be *new and additional* to official development assistance (ODA), and not provided at the expense of education, health and other sustainable development goals. To create the fiscal space to provide this climate justice, developed countries should use public tax and spending more effectively. Developed countries can raise climate finance through national level taxes as well as by implementing taxes and levies at the international level. They should act on their commitment to end inefficient fossil fuel subsidies, as well as taxing emissions from shipping and aviation, fossil fuel operator profits, and/or wealth so that polluters pay for the climate crisis, not countries who have played a minimal role in the climate crisis we face today. Implementing the polluter pays principle is a matter of political choice.

Sources

In line with the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), developed countries must contribute climate finance in line with their historical contribution to cumulative greenhouse gas emissions, and according to their ability to pay. To operationalise this, the NCQG should include an equitable burden-sharing mechanism – common in international agreements – that provides clarity and accountability.

Several methodologies already exist to determine what a ‘fair share’ constitutes, and while they differ slightly, it is clear that Annex II countries should provide the vast majority – some say up to 80% - of any climate finance target.⁶

Arguments that emerging markets and other big emitters should pay more appear to be an attempt to distract from developed countries’ failure to fulfil their existing obligations. This is especially true given many developing countries are already voluntarily providing climate finance. One way to increase the quantity of climate finance could be to ensure all countries that are providing climate finance report it; this could create incentives for developing Parties to provide financial resources without changing their status to ‘developed’ or amending UNFCCC annexes.

Structure

⁵ [The New Collective Quantified Goal on climate finance : Options for reflecting the role of different sources, actors, and qualitative considerations | OECD/IEA Climate Change Expert Group Papers | OECD iLibrary \(oecd-ilibrary.org\)](#)

⁶ [Who Should Pay? Climate Finance Fair Shares \(cgdev.org\)](#)

Within the overall quantum, there should be subgoals for:

- Public climate finance that is *provided*, and private finance that is *mobilized*. As described above, public finance is crucial and in particular, public grant-based finance is key because private sector finance is not well-suited for adaptation or responding to loss and damage (where investment returns are less likely), nor for less-developed, conflict-affected or fragile countries (where risk appears higher, causing costs to increase and/or investors to stay away).
- Mitigation, adaptation and loss and damage, to address the current imbalance in favour of mitigation, and ensure that finance is not taken from one sector to fulfil commitments to the other.

Qualitative issues

The NCQG should recognise and reflect outcomes from previous COPs that ‘climate change is a common concern of humankind and that Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to a clean, healthy and sustainable environment, the right to health, the rights of Indigenous Peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity.’⁷

As such, a successful NCQG should include a range of qualitative aspects; here we provide clear recommendations for two key ones: that funding should be accessible and supportive of gender equality.

The NCQG should ensure that finance is available swiftly to the countries, communities, and vulnerable groups that need it most, including Small Island Developing States and Least Developed Countries. There should be measures to simplify access procedures across different institutions, and address individual vulnerabilities.

The NCQG should incentivize climate finance providers to prioritize gender equality objectives, include gender analysis in all programmes, and further encourage Parties to report gender equality markers transparently and consistently.

Inclusion of loss and damage in the NCQG

Following the welcome establishment of the Fund for responding to Loss and Damage in 2023 at COP28, the NCQG must include loss and damage (L&D) to ensure the fund can be filled. We sought independent legal advice which revealed that there are no legal obstacles to this.⁸ Key arguments are as follows:

⁷ Decision 1/CMA.4

⁸ [Legal Response International » Including a sub-goal on loss and damage within the New Collective Quantified Goal](#)

The definition of climate finance is evolving towards the inclusion of L&D. Although there is no agreed definition of climate finance, there are strong arguments that in practice it is increasingly moving towards the inclusion of L&D:

- The current definition from the Standing Committee on Finance (SCF) is as follows - “Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.” L&D arguably falls within the ambit of reducing vulnerability and maintaining and increasing resilience to negative climate change impacts.
- Countries established the Fund for responding to L&D and funding arrangements which is a recognition that finance to address L&D is envisaged.
- The fund is an entity entrusted with the operation of the financial mechanism of the Convention, which also serves the Paris Agreement. The inclusion of the fund as part of the entities in charge of the operation of this mechanism is a further recognition that finance to address loss and damage is envisaged.

L&D is a priority for developing countries. The Paris Agreement made it clear that the NCQG would ‘tak[e] into account the needs and priorities of developing countries.’ As shown by many developing countries’ submissions to the technical expert dialogues, addressing L&D is a need and a priority for them. Moreover, the NCQG is a party-led process and they are therefore free to include L&D in the NCQG.

The context has evolved. At the time of the Paris Agreement, finance for L&D did not play a central role within UNFCCC and hence was not explicitly included in Article 9. The landscape has now changed significantly, as shown by the COP27 decision to develop a fund and funding arrangements. It is therefore clear that the current context is different from that of the Paris Agreement and the NCQG should reflect this.

Interestingly, this is similar to what has happened with the \$100bn goal, which was originally focused only on mitigation (it was a collective goal to mobilize climate finance for ‘meaningful mitigation actions and transparency in implementation’) yet is now widely accepted to also include adaptation in light of the enhanced recognition of the issue within the international climate regime. As contexts evolve, so must our thinking.

Most importantly both economic and non-economic loss and damage is being experienced by the most vulnerable communities that have the least capacity to cope and is estimated to already cost a minimum of \$400 billion per year and rise to more than \$580 billion by 2030.⁹ The failure to provide commensurate funding means that those costs are borne by the poorest and least culpable. For example, in 2015, rural households in Bangladesh spent an estimated \$2 billion on climate disaster risk management, double what was spent by the government and more than 12 times what was received from multilateral institutions.¹⁰

⁹ [Loss and Damage from Climate Change: Concepts, Methods and Policy Options | SpringerLink](#)

¹⁰ [Falling through the gaps: how global failures to address the climate crisis are leading to increased losses and damages - Flood Resilience Portal](#)