LMDC submission on the New Collective Quantified Goal (NCQG)

A. Background

Para 53, decision 1/CP.21, decided that CMA shall set the NCQG from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries. The goal needs to be set prior to 2025.

Decision 9/CMA.3 set up an ad hoc work program for 2022-24 under the CMA. As part of the ad hoc work program, four Technical Expert Dialogues (TEDs) are to be organised each year. Co-chairs are then to prepare annual summaries of discussions at the end of each year. As per para 16 of the decision, the NCQG must consider the needs and priorities of developing countries and include, inter alia, quantity, quality, scope and access features, and transparency arrangements.

CMA5 decided that the Co-chairs of the ad hoc work program will submit a substantive framework for a draft negotiating text capturing progress made in 2024 for CMA6. It further decided that at least three TEDs will be organised in 2024 to allow detailed discussions on elements of the goal, which will inform the ad hoc work program meetings. There will be at least three such ad hoc work program meetings.

The LMDCs welcome the COP28 outcome and look forward to actively participating in the dialogues and interacting with a wide range of stakeholders. The group also expects fruitful negotiations during ad hoc work program meetings.

Co-chairs of the ad hoc work program prepared an annual report following discussions during TEDs organised in 2023. The report provides options for different elements of the NCQG: temporal scope, quantum, and ways to determine it; options for various sources; qualitative elements; tracking progress under the goal; and frequency of reporting. This report provides a good starting point and should be considered along with submissions made by Parties so far by the co-chairs in preparing the initial draft of the substantive framework.

A. Principles of NCQG

Climate finance serves as a cornerstone for the comprehensive and effective execution of both the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement. It holds particular significance for developing nations, reflecting a shared concern among nations worldwide. The

emergence of the NCQG post-2025 has become a centre piece in ongoing climate finance deliberations, garnering considerable attention. This pivotal moment offers a unique opportunity to bolster trust between developed and developing nations, directly influencing the implementation efficacy of the Convention and its Paris Agreement, for especially developing country Parties.

As we approach the critical juncture of 2024, tasked with setting up the NCQG, LMDC underscores the importance of adhering to certain discussion principles to ensure the successful finalization of the NCQG by the culmination of COP29. To this end, LMDC advocates for the following guiding principles:

1. Alignment with Paris Agreement Principles: The setting up of the NCQG must be firmly rooted in the fundamental principles and consensus outlined in the Paris Agreement. Drawing guidance from Articles 2 and 9 of the Agreement, the NCQG should effectively embody equity, common but differentiated responsibilities, and respective capabilities. By adhering to these principles, the NCQG process can uphold the integrity and spirit of the Paris Agreement, fostering equitable outcomes for all nations.

2. Commitment to Financial Support: This commitment must be contextualized within the diverse needs and concerns of developing countries, encompassing funding scale, support areas, and the imperative for a balanced approach between mitigation and adaptation efforts. Crucially, financial support levels must be commensurate with the scale of climate action, ensuring a harmonious alignment between funding commitments and implementation efforts.

3. Learning from Past Shortcomings: Building upon the lessons learned from the unmet $100 billion target, developed nations must adopt a proactive stance towards fulfilling their climate finance commitments. Transparency and predictability within climate finance mechanisms are paramount, necessitating enhanced efforts to improve these aspects. By addressing past shortcomings and rectifying deficiencies, developed countries can instill greater confidence and trust in the climate finance process, fostering a conducive environment for effective collaboration and progress.

By adhering to these discussion principles, we can navigate the review process of the NCQG with clarity, purpose, and commitment to advancing global climate finance efforts. Through collaborative engagement and adherence to these guiding principles, we can pave the way for meaningful progress towards achieving our climate finance objectives and securing a sustainable future for all.

B. Responses to the questions on the process to be adopted

How should the TEDs and the meetings under the ad hoc work program be organised to bring together the elements of the NCQG and the options identified under each element, taking into account the linkages across each element and progress made in the previous meetings;

TEDs should have the active participation of all the relevant stakeholders, whereas the ad hoc work program meetings should be Party-driven.

Every TED should focus on a theme covering at least one of the three main aspects of the elements — Quantity, quality, and timeframe. Detailed discussion on a specific aspect of the goal must be summarised, taking full into account all Group of Parties' views, and the summary must inform the ad hoc work program meeting.

Parties in the ad hoc work program may take the inputs received into account in their discussion on the elements of the goal, taking into account the linkages across elements. The detailed deliberations, along with options, must be reflected by the Co-chairs in a summary.

It needs to be ensured that ad hoc work program meetings have enough time to allow for in-depth negotiations.

Quantum should be a cross-cutting point of discussion throughout the three TEDs. The ***first TED*** can take up the timeframe of the goal and be guided by the options provided by the annual report. The ad hoc work program meeting may subsequently take this into account in their deliberations to further streamline the options presented in the existing annual report of the co-chairs. The timeframe that best allows Parties to identify the quantum based on the needs and priorities of developing countries as reflected in their NDCs and NAPs, should be prioritized. The alignment of a timeframe with existing processes within the UNFCCC process should be explored (e.g., GST, ETF and NDC cycle).

Similarly, the ***second TED*** should work on elements related to the qualitative aspect of the goal. The ad hoc work program meeting may subsequently take this into account in their deliberations to further streamline the options presented in the co-chairs' annual report. Lastly, ***the third TED*** can focus solely on the quantity of the goal, which can then feed into the work of the third meeting of the ad hoc work program like the earlier meetings of the ad hoc work

programme. The Standing Committee on Finance should be invited to present the findings of the second Needs Determination Report in this TED.

One or more meetings of the ad hoc work program can then be organised **in addition** to the three held in continuation of the TEDs to enable a comprehensive deliberation on all issues to arrive at the draft substantive framework for the negotiations during CMA6.

It is to be noted that all elements of the NCQG are connected. For instance, timeframe and quantum cannot be determined in isolation. While we need detailed discussions on each element, such interconnection should also be explored and discussed. Also, quantum is one central aspect of the goal that needs to be taken up across all the meetings, given its interlinkages with other elements of the goal.

How should progress be captured between the technical expert dialogues and the meetings under the ad hoc work programme and from one meeting to the next with a view to developing the substantive framework for a draft negotiating text by CMA 6;

The proceedings of each TED must be summarised by the secretariat and distilled by the cochairs in the form of an input paper for the ensuing meeting of the ad hoc work programme. The ad hoc work program meeting may subsequently take this into account in their deliberations to further streamline the options presented in the co-chairs' annual report. The technical expert dialogues (TEDs) is a complementary process, but it is not a substitute for Party-driven negotiations.

After each TED and the ad hoc work programme meeting, the cochairs may prepare a report with a subsequent iteration of the suggested framework.

On the completion of the three TEDs and the ad hoc work program meetings following the TEDs, one or more further meetings of the ad hoc work program will enable comprehensive deliberation with a view to developing the substantive framework for a draft negotiating text by CMA6.

The process within the ad hoc working programme (AWP) must be a facilitated negotiated space for Parties to drive textual-based negotiations, based on the annual report of the AWP Co-Chairs.

How to best utilize and organize the High Level Ministerial Dialogue to facilitate reaching an agreement on the NCQG at CMA6?

The HLMD should be organised before the third meeting of the ad hoc for stocktaking of the progress made vis-à-vis the agreed work plan. Further, the HLMD can guide if more ad hoc work program meetings are required after its third meeting. It can also advise on the issues to be taken up during these meetings.