



Federal Foreign Office

TECHNICAL PAPER:

# **TOWARDS A COLLECTIVE AND QUANTIFIED GOAL BASED ON NEEDS**

September 2022

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## **Acknowledgements and disclaimer:**

This paper was prepared as part of the 'Informing the NCQG process' project, funded by the Government of Germany and coordinated by RMI's Climate Finance Access Network in partnership with Climate Analytics, Climate Policy Initiative, Global Center on Adaptation, Climate Finance Group for Latin America and the Caribbean, Open Society Foundation, Oxfam, and South-South-North. The specific views expressed in this paper are those of its authors, and do not necessarily reflect the views of the partners.

# CONTENTS

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- 1. Introduction-----4
- 2. The importance to build a needs-based new collective and quantified goal-4
- 3. Existing information on climate finance needs of developing countries -----5
  - 3.1. Methodologies used to determine needs at the national level -----8
  - 3.2. Challenges to determine needs at the national level -----8
    - 3.2.1. Governmental challenges -----9
    - 3.2.2. Structural challenges-----9
  - 3.3. Potential benefits of determining needs at the national level ----- 10
  - 3.4. Required support for determining needs----- 10
- 4. How can the NCQG include developing countries’ climate finance needs?- 11
  - 4.1. Incorporate existing information about needs in the NCQG process during 2022 12
  - 4.2. Mandate the assessment, determinate and report needs during 2023-2024 12
  - 4.3. Determination of the NCQG by 2025 ----- 12
  - 4.4. Update information on developing countries’ needs ----- 13
- 5. Conclusion----- 13
- Bibliography----- 15

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## 1. Introduction

Developing countries' capacities to face the impacts of climate change largely depend on international financial support. Therefore, the determination of the new collective and quantified goal on climate finance (NCQG) is one of the most important processes in climate change negotiations. This discussion will shape the broader agenda through 2025, when the process for defining the NCQG must be completed. The significance of the NCQG discussion is furthered by its connection to other processes such as the Global Stocktake (GST), and other issues that remain unsolved in the context of the United Nations Framework Convention on Climate Change (UNFCCC). These include the definition of climate finance, the adaptation finance gap, the improvement in the operation and access to financial mechanisms, the determination of needs, and others.

The determination of needs is particularly important because the Conference of the Parties (COP) decided (Decision 1/CP.21 para.53) that the COP shall set a NCQG, from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries. In this sense, the new goal has to be different from the USD 100 billion goal, which did not consider the climate finance needs of developing countries when it was announced back in 2009. In this context, and since the process to set the new goal has started, several questions have arisen: What are the needs of developing countries? To what extent have these needs been determined or quantified? What are the methods followed to determine those needs? How should these needs be considered in formulating the new goal?

Starting by making a case for a needs-based NCQG, this paper provides a review of existing climate finance needs of developing countries. It introduces methodologies used to determine those needs, challenges encountered, the potential benefits a needs-inclusive NCQG can bring, and the required support for these processes. The paper concludes with reflections and recommendations on how needs can be considered in the determination of the NCQG in the coming years.

This paper aims to provide inputs to support the efforts of the Parties and stakeholders working on the determination of the NCQG. We seek to ensure that this process not only takes into consideration the needs of developing countries, but also covers such needs fairly and appropriately. In our point of view, the NCQG is not only about quantity and setting a new number, but also about quality and a clear path for delivering critical climate finance.

## 2. The importance to build a needs-based new collective and quantified goal

The determination of developing countries' needs has been a critical element of the climate agenda since the adoption of the UNFCCC. In article 3, on principles, the Convention states that Parties should be guided by, *inter alia*, "the specific *needs* and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention."

Later, Article 9 of the Paris Agreement established that "as part of a global effort, developed country Parties should continue to take the lead in mobilising climate finance from a wide variety of sources..., *and taking into account the needs and priorities of developing country Parties*". In this context, the decision 1/CP.21, para. 53, points out that, before 2025, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) "*shall set a new collective quantified goal (NCQG) from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries*".

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The processes for determining such needs have evolved. For several years, developing countries have worked to communicate their needs through National Communications (NCs), Biennial Updates Reports (BURs), and, more recently, Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) and upcoming Adaptation Communications. Some countries also use reports such as the Technology Needs Assessments (TNAs), while others have conducted independent studies. Despite these efforts, costing these mitigation and adaptation measures is extremely complex. Such information is rarely available but highly relevant for the determination of the NCQG.

During the last decade, different institutions, and organizations, have sought to estimate the cost of climate action and a rich literature has emerged on the topic. Some studies follow top-down approaches that produce general estimates based on scenarios and tendencies, while others follow bottom-up approaches that consider information at the sectorial and sub-sectorial levels, based on national circumstances and policies.

Studies such as the “First report on the determination of the needs of developing country parties related to implementing the Convention and the Paris Agreement” (NDR, 2021), coordinated by the Standing Committee on Finance, and the “Mind the Gap: An estimate of climate finance needs by developing countries to fund their NDC commitments” published by Aviva Investors (2022), followed a bottom-up approach, studying the NDCs submitted by developing countries. Other regional reports also follow bottom-up approaches, such as the Needs of African Countries Related to Implementing the U.N. Framework Convention on Climate Change and the Paris Agreement by the African Development Bank Group (AfDB 2021), the Climate Finance Needs of African Countries published by Climate Policy Initiative (CPI, 2022), and the Climate Finance Needs of Latin American countries to be published by the Climate Finance Group for Latin America and the Caribbean (GFLAC, 2022). However, despite the literature’s diversity of approaches and coverage of various aspects of developing countries’ needs, none of these reports have managed to do so comprehensively and completely.

Efforts to determine developing countries’ needs have been challenging with a lack of clarity on what constitutes a need in the context of developing country Parties to the UNFCCC. In the absence of a universally accepted definition, this paper uses the term “needs” to refer to the resources required by developing countries to implement the Convention and the Paris Agreement.

As argued in this section, despite the challenges in defining and determining needs, there is progress found in several reports that can inform the NCQG process, as will be presented below.

### **3. Existing information on climate finance needs of developing countries**

According to existing studies that follow top-down and bottom-up approaches, the climate finance needs of developing countries are estimated to be in the range of trillions. While there are a growing number of studies aiming to estimate the climate finance needs, we compare the results of the NDR (2021) and the Aviva Investors analysis (2022), to exemplify the type of information available about climate finance needs.

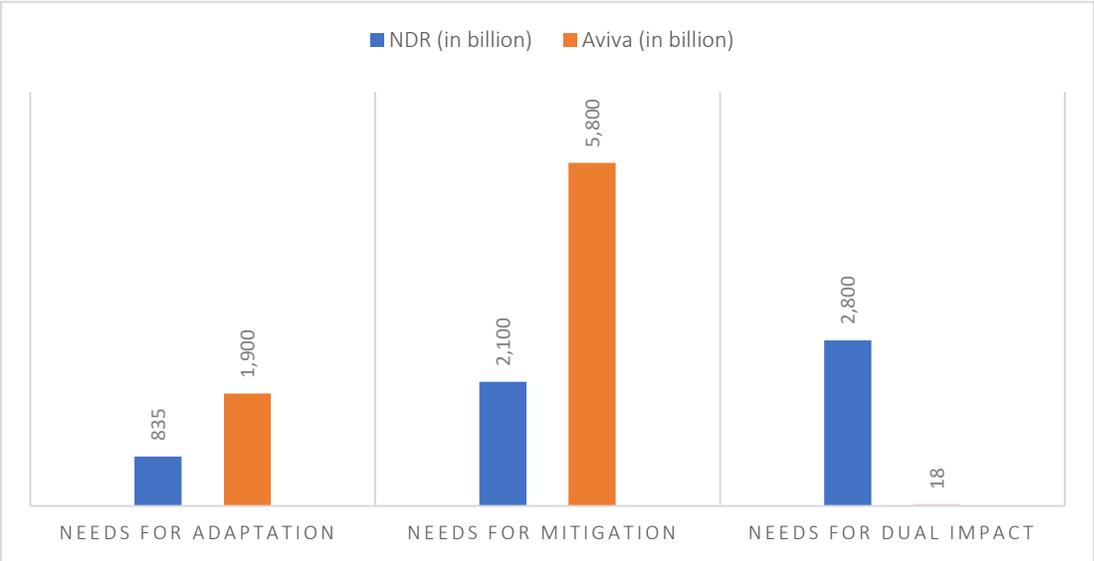
The NDR (2021), was the first attempt to capture the needs based on official reports, such as NCs, BURs, NDCs, NAPs and others, demonstrating that the methodology used to present needs varies from one report to another. It observes that cost of implementing NDCs yields a need of USD 5.8 trillion over the 2020-2030 period. This is around USD 589 billion per year. The NDR presented information of NDCs submitted until May 2021. On the other hand, Aviva Investors developed another analysis based on updated NDCs in 2022, estimating that the costed needs of the implementation is USD 7.8 trillion over the same period, this is USD 780 billion per year.

Although these analyses differ in scope and methodology, they are currently the most comprehensive analyses of the cost of acting on the needs outlined in NDCs. However, it is important to note that they do not include comprehensive data about adaptation and loss and damage. The estimates of both reports are presented and compared by thematic area and region in this section and complemented by findings of other regional analysis.

**Needs per thematic area**

The NDR estimates that the mitigation needs identified in the NDCs is around **USD 2.1 trillion**, while Aviva Investors estimate a costed needs of **USD 5.8 trillion**, almost triple of the estimation by the NDR during the period 2020-2030. With regards to adaptation, the NDR estimates that the needs articulated in the NDCs will require between **USD 764 and USD 835 billion**, and the dual benefit actions **USD 2.8 trillion** during 2020-2030. According to the AVIVA Investors analysis, the costed needs of adaptation actions is **USD 1.9 trillion**, and the dual benefit **USD 18 billion**. However, due a lack of complete data, it is reasonable to assume that the adaptation needs are underestimated.

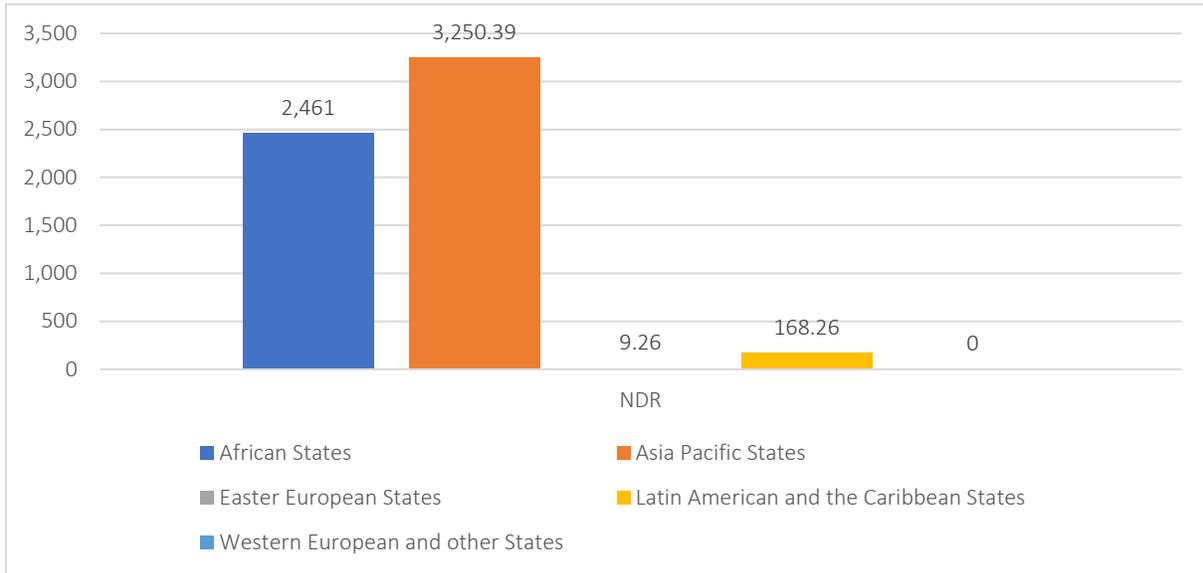
**Figure 1. Total needs per thematic area: Comparative analysis NDR and Aviva Investors (in USD billions)**



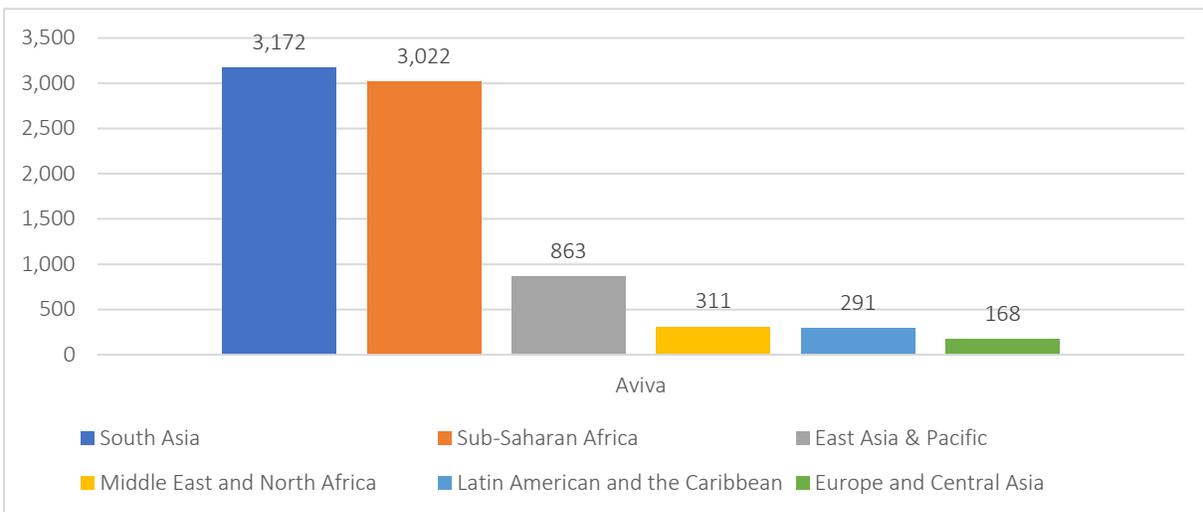
**Needs per region**

The NDR and the Aviva Investor studies diverge in their estimations of regionally disaggregated costed needs as well. The NDR estimates the regional needs to be: **USD 2.4 trillion** in African states; between **USD 3.1 and USD 3.2 trillion** in Asia Pacific States; **USD 9.4 billion** in Eastern European States; and **USD 168 billion** in Latin American and the Caribbean states. On the other hand, Aviva estimates the needs per region will require **USD 3 trillion** for Sub-Saharan Africa, **USD 3.1 billion** for South Asia, **USD 863 billion** for East Asia and Pacific, **USD 311 billion** for the Middle East and North Africa, and **USD 168 billion** for Europe and Central Asia. These estimations can be better visualized in Figures 2 and 3.

**Figure 2. Total needs per region (NDR, 2021, in USD billions)**



**Figure 3. Estimated needs per region (Aviva Investors, in USD billions)**



### Other regional analysis

As previously mentioned, there are also other efforts to assess needs at the regional level. The report on the Needs of African Countries, estimates needs of **USD 1.6 to 1.9 trillion between 2020-2030** (AfDB, 2021). CPI's knowledge brief on African countries' climate finance needs indicates that the implementation of the NDCs of the 53 African countries that submitted quantifiable information will require around **2.5 billion in 2020-2030** (CPI, 2022). On another hand, GFLAC analysed the needs of 21 major emitter developing countries in Latin America (LAC) and estimated implementation of the NDCs will require **USD25 billion**, based on the quantifiable information presented in the NDCs of five of those 21 countries, but it would be US 1.1 trillion if other information such as submissions made by parties in response to the call made by the Standing Committee on Finance for the

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elaboration of the NDR (2021) is counted (GFLAC, 2022). This means that it's not only NDCs that include information on needs of developing countries.

These studies vary in approaches and methods. Those that follow a bottom-up approach agree that there are a number of obstacles to developing such studies, including: limited quantifiable information about the costed needs of mitigation and adaptation activities, particularly related to adaptation, at the national level; limited disaggregated information per sector and subsector; limited information about the timeframe of the interventions, and limited information about the methods used to conduct the estimation of climate finance needs, when they were available. Other limitations are related to the scarce information about the needs from local, indigenous, and vulnerable communities, which are not always reflected in reports such as NDCs and NAPs. When available, this information is presented in a qualitative way and is not quantifiable.

For these reasons, it can be challenging to get an accurate picture of national level needs. In the next section, we introduce some of the methods used by national governments to estimate their needs, as well as some of the challenges that countries are facing to determine such needs.

### **3.1. Methodologies used to determine needs at the national level**

There is no clear mandate or guidance available to determine the needs of developing countries. The information presented in NDCs by developing countries is obtained through different approaches and includes different levels of detail. Analysis related to mitigation is more likely to be quantitative, while adaptation analysis is largely qualitative (NDR, 2021). However, best practices for determining needs do exist. For instance, in CPI's knowledge brief about climate finance needs in Africa identified that two main approaches followed by countries to determine their needs: a goal-based approach and a project-list approach. The goal-based approach calculates costs from global values and modelled scenarios, sometimes using proxy values to compare the information at the regional level. The project-list approach gathers data from the bottom up, assigning costs per expected project in a given period (year or multi-year basis), and then calculates the overall values by adding up the individual projects (CPI, 2022).

South Africa, for example, utilised a goal-based approach. Using this approach, the country provided different estimates distinguishing between low and moderate-high mitigation scenarios. Based on this, the country developed estimations for adaptation that are linked to the mitigation scenarios, flagging that if there are fewer emission reductions, then the cost of adaptation is higher (CPI, 2022). On the other hand, Mexico chose to use a project-list approach and conducted a costing analysis based on thirty measures included in the NDCs (GFLAC, 2022).

According to CPI (2022), both approaches have advantages and disadvantages. However, they correspond to the capacity of countries to conduct general or more specific analyses. All methodologies can offer valuable insights if well-defined. Regardless of the approach countries choose to adopt, it is important to disclose information on methodologies and assumptions they make. Using either of these methodologies is challenging and intensive. Such exercises can burden developing countries, who face a number of challenges that will be described in the next section.

### **3.2. Challenges to determine needs at the national level**

For developing countries seeking to estimate their needs at the national level, the primary information gap is the estimated cost associated with mitigation and adaptation measures. While NDCs and NAPs are vehicles to present

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this information, not all the countries have the human, technical and financial resources to conduct comprehensive and participatory processes to cost their needs. There are several challenges, but in this paper, we emphasize two main challenges: Governmental challenges and structural challenges.

### **3.2.1. Governmental challenges**

Developing country governments face a number of challenges to determining their countries' needs. These include capacity constraints, the absence of a common reporting framework, limited ability to solicit multi-stakeholder inputs and participation in reporting processes, limited allocation of public finance at the national level and limited international financial support.

A growing number of governments in developing countries are presenting information about needs in their NDCs. However, many countries state in these reports that they face human and financial constraints to conduct comprehensive analysis and require further support. This partially explain why there is more quantitative information about mitigation than adaptation needs in NDCs. This does not mean that there is less interest in the adaptation agenda; adaptation interventions can be more complex to estimate because they are often longer-term interventions or cross-regional processes that are not always easy to estimate.

Moreover, the absence of a common framework to determine and report these needs also causes challenges in developing reports like NDCs. This means that while there is continuous progress in the development of NDCs and NAPs, they still present only a partial vision of what countries require to accelerate climate action.

The process to conduct comprehensive analysis of needs that covers all sectors, involves different levels of government and solicits inputs from multi-stakeholders including women and youth. In many developing countries, government budget available to do it is very limited. According to GFLAC (2022a), in 2021, out of the 21 countries analysed in LAC, only three countries were able to allocate more than 1% of their total budgets in climate related activities (mainly climate policy, energy transition and natural disasters management). These countries were Cuba, Peru, and Jamaica, and the percentages of public budget they allocated to climate actions were 5.51%, 1.9% 1.42%, respectively. All other countries allocated less than 1%, which indicates that there are limited public resources allocated to these matters. Access to international finance is also limited. Only a small number of the twenty-one countries analysed receive the majority of their climate finance support from their total development assistance allocation. In 2019, Mexico stands out as a country with a high level of international support for climate change receiving 7.12% climate finance from the total development finance it received (GFLAC, 2022a). These challenges are not strictly related to government. Indeed, they are also linked to the inability of international climate finance mechanisms to tackle and meet the needs of developing countries.

### **3.2.2. Structural challenges**

Despite persistent challenges at the government level, some developing countries are still undertaking important efforts to estimate and prioritize mitigation and adaptation needs. Most of these efforts are related to plans and actions that can be implemented at the sectoral level in the short term (1-10 years), such as interventions in the water, agriculture, energy, and forestry sectors, based on the climate polices at the governmental level. However, these interventions do not reflect the structural changes that countries must make to transform their economies.

According to the Sustainable Finance Index of the GFLAC (2022a), while some countries in LAC are progressing in the allocation of public resources to tackle climate change, they are also investing higher levels of public money in the production of fossil fuels. This is because many LAC countries rely on the economic activity of carbon-intensive industries and the associated revenues. For instance, in 2021, out of the total revenues generated by

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Ecuador, Trinidad and Tobago, and Mexico, 21.78%, 20.78% and 17.41%, respectively, were generated from carbon intensive activities (GFLAC, 2022a).

To decouple the economies of these countries from the fossil fuel industry is a structural challenge. This is a major need that must be acknowledged and addressed to achieve the goals of the Paris Agreement. If countries rely on fossil fuels to generate revenues, then public resources will continue financing these activities. This is the case of Mexico, that according to the GFLAC (2022a) is also one of the countries that uses an important part of its budget, 11.72%, to invest in fossil fuels.

This reality must be also considered in the discussion of the NCQG to determine to what extent the goal will consider the incremental costs of climate change and the need to pursue long term strategies towards a deep decarbonization of the economies. In this context, determining needs is also important to achieve this.

### **3.3. Potential benefits of determining needs at the national level**

When governmental and structural challenges can be overcome, the determination of developing countries' climate finance needs and costs, can generate additional benefits. These include identifying and closing the climate finance gap between flows and needs; increased ambition and accelerated implementation of NDCs and NAPs; opportunities for coordination between central and sub-national governments; and to create national investment and climate finance strategies to guide the allocation of financial flows towards countries' priorities to increase effectiveness of the support.

The identification of the climate finance gap is an important conversation in the context of climate action. As previously mentioned, the needs of developing countries are estimated to average USD 600 billion per year. However, in 2020, the allocation of climate finance from OECD to non-OECD countries was about USD 79 billion (CPI, 2021); this is 13% of the support required. Moreover, as mentioned in an earlier section, adaptation finance needs are underestimated.

Determining needs in NDCs, NAPs and other relevant policies is an important step in identifying how much support is required to help developing countries address their climate priorities. Additionally, determination of needs exercises can improve the coordination at the national level. For instance, countries can develop investment plans and climate finance strategies to implement NDCs and NAPs at the national level. In these strategies countries can identify what part of the cost of action can be covered by governments through their public budgets, and when this support is likely to be allocated and what part will have to be covered by international support and private sources.

In this sense, the determination of these needs through participatory processes can serve as an opportunity to gain a more comprehensive analysis that includes cost of mitigation and adaptation action at national, subnational, and local level, including the needs of cities and local and indigenous communities. The analysis can also include the disaggregation of activities at sectorial and sub sectorial level. Ideally the determination of these activities should be reflected in each period (one, five or ten years), to understand by when the action is expected to happen. However, these processes require support, as explained in the next section.

### **3.4. Required support for determining needs**

The determination of needs is particularly laborious and financially intensive for capacity-constrained developing countries. For this reason, it is critical they receive support to conduct these analyses at the national, and sub-national level, through concessional finance from bilateral and multilateral cooperation. National and multilateral development banks could also provide support to determine these needs and encourage more

climate-friendly investments in the near future. Existing initiatives coordinated by developed countries can include the determination of needs as a key priority, but they can also create ad hoc initiatives to do so. The UNFCCC already has a needs-based project that has been working with a number of countries, however this program can be further expanded to increase the number of country beneficiaries. Other initiatives, such as the Capacity Building Initiative on Transparency (CBIT) or other bilateral mechanisms can also accelerate the mobilization and allocation of assistance to determine these needs. Even readiness and capacity-building programs, such as the Green Climate Fund (GCF) readiness program 2.0, can be used for these purposes.

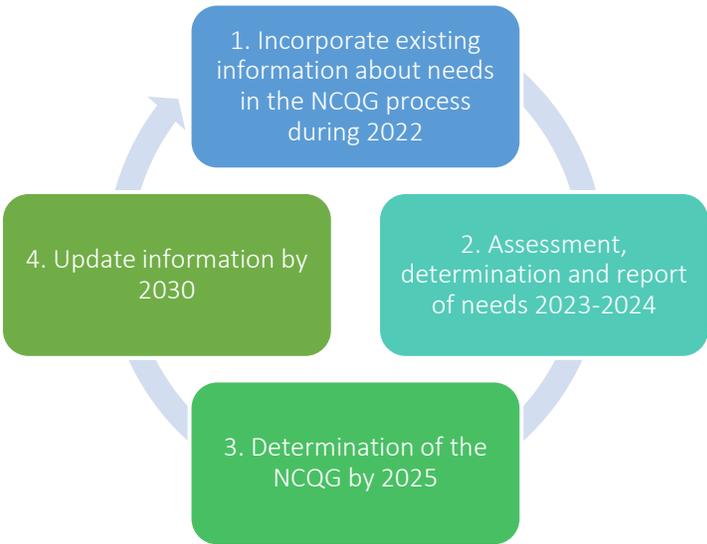
Other funds such as the Adaptation Fund and the Global Environmental Facility (GEF) can also support these efforts. For instance, GEF provides support to many developing countries for the development of their national communications. This support could also include needs assessments at the national level. This would help developing countries undertake the reporting process that will happen in the context of the Enhanced Transparency Framework (ETF). As per decisions taken at COP26, the ETF will aim to consolidate information about developing countries' actions and needs in coming years.

The support to determine needs should be cyclical, meaning that it should occur every 2 years in the context of the ETF or 5 years aligning with the NDCs updating process because needs evolve with time. This support should be provided in a way that would build the country's lasting capacity, database and systems. We will discuss further in the next section how understanding the determination of needs requires a cyclical process to ensure that the NCQG is more accurate.

#### 4. How can the NCQG include developing countries' climate finance needs?

The NCQG must respond to the needs of developing countries. However, at present, there is not a comprehensive and complete vision of the climate finance needs of developing countries' mitigation and adaptation actions. We therefore have to make the best use of the information currently available to guide initial conversations and inform the development of the NCQG. More comprehensive data should be developed in the coming months and years and will help stakeholders arrive at a goal that more accurately responds to these needs. In order to ensure that the goal does in fact respond to developing countries needs', we propose that the NCQG should be cyclical and recommend the NCQG process follows a four-step cycle shown in the figure below.

Figure 4. Cyclical process for determining the NCQG



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#### **4.1. Incorporate existing information about needs in the NCQG process during 2022**

The NCQG process must incorporate existing information about developing countries' needs. The context in which the NCQG will be set is different from the context when the USD 100 billion goal was agreed. Now, the Paris Agreement is in place and there are NDCs, NAPs and other documents that have provided information about the needs of developing countries. Although the studies cited in this paper do not fully capture these needs, they provide information that can be used to design a qualitative and a quantitative goal.

The two most advanced reports on needs, the NDR and the Aviva Investors reports, estimate that the climate finance needs of developing countries range around USD 589 and 780 billion per year. While the COP decision is to take USD 100 billion as a floor, the evidence so far, shows that needs are on average USD 600 billion per year. Evidently the reality since 2009 has changed. During the last 13 years and in the absence of meaningful climate action, needs for mitigation and adaptation have also increased.

In this context, the existing information represent a mere starting point for the negotiations. By the end of 2022, existing information about developing countries' needs and other factors critical to determining a quantitative and qualitative goal should be compiled and reviewed. This information should feed into the ministerial dialogues, where Parties would be called on to acknowledge developing countries' needs and priorities and begin to set a goal based on existing information.

The co-chairs of the NCQG can also collaborate with the co-chairs of the Global Stocktake to collect this information about the existing needs, related to NDCs, NAPs and other climate policies to better capture existing information. It is important to emphasize that the information currently available is especially incomplete when it comes to adaptation needs. Even more importantly, it does not reflect the information about loss and damage. For this reason, a second step in the process is to generate the information needed to provide the most accurate map of needs.

#### **4.2. Mandate the assessment, determinate and report needs during 2023-2024**

As we have mentioned throughout this paper, the determination of needs is complex and challenging. To alleviate the obstacles faced by developing countries, COP27 can mandate the provision of support to assess and determine needs in those countries where analysis hasn't yet been conducted and in those countries that want to further develop these assessments. These processes can take place during 2023 and 2024. A mandate from COP27 could also stipulate this process should be conducted in a participatory and inclusive manner at the national level.

Once the assessment is conducted, this information can be reported in the context of the ETF, which will serve as the vehicle to inform both the GST and the NCQG process. The information generated by developing countries parties will also feed into the second NDR that the Standing Committee on Finance must develop and publish by 2024. The second NDR will be critical input for the determination of the NCQG as well.

Finally, the mandate established in COP27 could invite other bodies such as the GCF, the GEF, the AF and others to collaborate in these processes.

#### **4.3. Determination of the NCQG by 2025**

During 2024, while considering the information provided by parties, and Parties should welcome the new information provided by developing country parties. This will ensure a more accurate mapping and understanding of the needs assessed at the national level. As we have repeatedly noted, the needs will be in the range of trillions, and the parties must decide what will be the approach to set a goal that adapts to that reality.

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For instance, USD 100 billion goal was set in a different context, and a new floor such as the USD 600 billion could be considered under those changing circumstances. Furthermore, the new information can help to set different levels of the goal. A first level can be related to the needs that require initial or immediate investments in form of grants from public finance; a second level can be related to the needs of investment in a medium term, which can include the mobilization of further private and innovative resources. This second goal can go beyond the USD 600 billion. Here it will be important to consider the extent to which the goal will set commitments to stakeholders that are not necessarily legally linked to the convention, such as the private sector.

#### **4.4. Update information on developing countries' needs**

Developing countries' needs will evolve over time and this information must be updated regularly. For example, in the absence of mitigation actions, the needs and cost related to adaptation will increase, as well as the loss and damages. Therefore, we recommend that parties agree on a period to revise these needs. The most relevant process to do so is the revision of the NDCs and the NAPs, that ideally must happen in a five-year cycle. However, it is important that countries have the possibility and receive support to update relevant information every two years through the ETF, in case information is missing.

Therefore, we suggest that this information be updated every two years in the context of the ETF and every five in the context of the NDCs and NAPs. This updated information will provide inputs to the GST which has to happen every five years as well, and it should provide inputs to the revision a new collective goal. Even more important is to recognise that the goal must be revised and updated based on science and data available. Whatever number is agreed on the NCQG in 2025 must be revised ideally in 2030 to update and reflect the changing needs that will increase if climate action continues to lag.

The incremental cycle is also a pathway towards the compliance of the Article 2.1.c, which proposed that all finance flows must be consistent with the low greenhouse gases and resilient development. Increasing the financial allocations of the NCQG every five years will provide a pathway and a process towards the compliance with the Paris Agreement.

## **5. Conclusion**

The determination of a new collective quantified goal that is conducted in a participatory framework will contribute to rebuild trust among parties under the UNFCCC. The design of this goal will require a multi-level approach and will require stakeholders to learn from the past and consider the needs of developing countries. This process must contrast the lack of transparent, participatory and evidence-based process in 2009 to agree on the USD 100 billion goal. Ultimately, developing countries' needs must guide the mobilization of financial flows to increase the effectiveness of climate finance and the transition to the compliance of Article 2.1.c.

Although there is not an agreed definition about what is and what counts as climate finance needs, there are countries that have outlined the climate finance needed to cover their mitigation and adaptation measures. While existing studies have fallen short to present a comprehensive overview of those needs, the information provided so far can kick start parties and stakeholders engaged in the NCQG negotiations in the design of a quantitative and qualitative goal. Firstly, they must acknowledge that, based on existing information, the needs are in the range of trillions. This means that the recommended floor of USD 100 billion is far lower than what is needed. Literature suggests that an average of USD 600 billion per year should be considered as a starting point in the negotiations to match the needs of developing countries. Secondly, it will be important in the coming years for developing countries, with the support of developed countries, conduct more robust analysis to better estimate

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these needs. These assessments must better reflect the needs for adaptation, but also those for loss and damage which are not clearly outlined in NDCs.

In this context, it is important that parties acknowledge that the NCQG has a cyclical nature. This means that the goal cannot be static because the needs are not. Climate change is accelerating at an alarming rate and developing countries are already disproportionately shouldering the worst of its impacts. Current finance flows do not match the urgency nor magnitude of the situation. For this reason, whatever number is decided in 2024 must be revised every five years, the frequent revisiting of the goal is essential because in the absence of mitigation interventions, the cost of adaptation will increase significantly.

The determination of these needs is an opportunity to have a clearer perspective about what developing countries need, and how the financial flows must respond to those needs and how to increase the effectiveness of climate finance. It is fundamental to recognise that the NCQG is not only about a number, but also about the process that needs to be in place to ensure that that goal is set in a fair and equitable manner.

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