TECHNICAL PAPER:

OPTIONS FOR THE STRUCTURE OF THE NEW COLLECTIVE QUANTIFIED GOAL

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1. Introduction

At COP29, a new global goal for climate finance will be set, building on the existing $100-billion-a-year goal. Hopes are high that the New Collective Quantified Goal (NCQG) will address at least some of the shortcomings of the current climate finance landscape and the $100-billion-a-year goal. Key areas for redress include scale and adequacy, enhancing access, rectifying the imbalance between mitigation and adaptation in the allocation of finance (not to mention the lack of finance for addressing loss and damage) and the heavy usage of loans, including non-concessional loans, and other non-grant instruments (Oxfam 2023).

A key weakness of the $100-billion-a-year goal was that, when set unilaterally by developed countries in 2009 and one year later recognised by all countries in a COP decision[1], it was little more than the number. Structural features were largely missing. Finance was to come from a variety of sources, public private and alternatives sources, with little further ex-ante specification on any of these to link the $100bn-a-year goal with specific needs for the varying finance types in developing countries. That there should be a balance between mitigation and adaptation became a feature only at a later stage, through action by the COP. Yet the 'balance' was never further defined, leading to continued concerns about the lack of adaptation finance that led to the agreement at COP26 to double adaptation finance by 2025 (UNFCCC 2022b).[2] Another weakness has been the amalgamation of providing public finance (to cover support needs) versus the mobilisation of private finance (to cover, e.g., investment needs). While both have their roles, they do serve very different purposes, and one cannot be substituted for the other.

Moreover, the goal's lenient criteria on what contributions would be counted towards achieving it (beyond the vague understanding that finance would come from public, private, and innovative sources) proved to be yet another critical flaw and allowed developed countries to be highly flexible in their reporting. This practice was partially enshrined into the Enhanced Transparency Framework that for instance operates, just like the $100-billion-a-year goal, without a formalised definition of climate finance and that treats grants and loans as if they had the same value for developing countries.[3] Also, the $100-billion-a-year goal lacks a formal monitoring system, and it was only in 2021 that the COP requested the SCF to prepare a one-off progress report. Finally, the original commitment to the $100bn-a-year goal did not include any review and adjustment process to line up ongoing

[1] However, Decision 1/CP.16 only recognised the commitment to the goal and did not adopt it. It can be argued that while now enjoying formal recognition, the $100-billion-a-year goal itself remains a goal set by developed countries.
[2] COP26 finally set a goal to double adaptation finance by 2025 compared to 2019 levels (UNFCCC 2022b). That the COP did take this action can be seen as evidence that the imbalance between mitigation and adaptation was recognised as a problem that needed addressing.
[3] For instance, developed countries apply varying approaches to account for projects that only partially target climate action. Some countries would count 50 per cent of full project volumes, others count 30 per cent, and yet others report climate components on a case-by-case basis. Some countries have reported projects that extend the usage of fossil fuels (using efficiency arguments), others list projects with little or no discernible climate focus at all. See Oxfam (2023).

climate finance with evolving needs. Only in 2015 it was decided to set a follow-up to the $100-billion-a-year goal, leading to the current process to define and agree the NCQG. [4]

The NCQG process offers ample opportunities for improvement. The area that this paper will focus on is the need for a clear and robust structure. An improved structure will greatly help facilitate climate finance to become more targeted, adequate, needs-driven, accessible, and more effective. The structure of the NCQG has been at the centre of many discussions to date, both at the annual COPs as well as the ongoing Technical Expert Dialogues.

With this paper, which we are publishing at the nearly-halfway-point of the NCQG process, we aim to offer several options for the structure of the NCQG. We use a relatively broad understanding of 'structure', considering various elements of the NCQG that are structural features. For instance, not only do we consider establishing subgoals (and their timeframes) as a structural feature, but we also suggest processes for monitoring and review as an integral structural part of the NCQG. Also, rooting the NCQG in a set of key guiding principles can be seen as a structural feature.

Our proposal is to set up the NCQG as a multi-layered goal, with

- **an overarching goal** that acts as a overall framework, with guiding principles attached to it;
- **two principal subgoals** based on 10-year cycles,
- one on the **provision of public climate finance** to meet support needs in developing countries, and
- another one on the **mobilisation of (private) finance** to meet investment needs in developing countries;
- **a set of additional, complementary subgoals** to address various issues as deemed useful by Parties;
- **an ongoing monitoring process** to assess progress towards achieving the NCQG and its subgoals;
- **a regular review process** to adjust the NCQG and its subgoals in 10-year intervals.

The proposed structure above is described in the following sections and illustrated in **Figure 1** below. Of course, the proposal only touches on some aspects of a potential structure, and we recognise that there will be additional aspects that we do not address in this paper but that may equally deserve attention.

2. Guiding principles

The NCQG, both in its design and implementation, should be framed by a set of key principles that can guide countries to ensure the NCQG's sustainability and effectiveness. In the context of climate finance several principles have been proposed (Cozzi et al, 2022; Schalatek and Bird, 2023), based on this efforts, in this paper we identified and adapted some basic principles in the context of the NCQG towards its transformative design and implementation, such as transformational, equitability, adequacy, progressivity, accessibility, transparency,

[4] For further aspects, see Kowalzig and Guzman (2023).

convergence, needs and science based. This list is not exhaustive, but in our view marks a good starting point to guide the NCQG.

Transformational: The NCQG should pursue and incorporate a transformative approach. This means that the goal should be direct financial support to immediate needs, but also to those needs to transform economies and societies, to decouple them from extractive activities, creating regenerative economies and identifying alternatives to create new ways to improve the wellbeing of people. This requires an increase in not only the quantity but also the quality of finance. Additionally, the goal must tackle the real needs observed at the national and sub-national levels, investing not only in short term projects but also in long term interventions to transform the reality at the national level. Transformational climate finance is an evolving concept that requires better strategies to be implemented (TCLP 2023). 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 other 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.

Equitability: The NCQG needs to ensure equitable availability and access to climate finance. Adequate and equitable support to developing countries that take into consideration their needs, including the needs of their vulnerable populations is critical. Equitability, therefore, could be reflected in terms of allocation and geographic distribution, providing the same access opportunities across developing countries, taking into account highly vulnerable populations and capacity constrained ones; equity in the allocation at the domestic level, supporting not only central governments, but also local governments, municipalities and local and indigenous communities; and equity in terms of distribution per type of recipient, ensuring more access to women. But also, equity can be reflected in the type of financial instrument that is used, by prioritising grants over loans particularly to the most vulnerable and highly indebted countries to avoid increasing the levels of indebtedness in developing countries.

Adequacy and Progressivity: The climate crisis has been evolving in the last decades, creating further impacts in different regions, which are increasing the cost, socially and economically. Therefore, the NCQG must mirror these changes and ensure progress in terms of current flows of climate finance, achieving a balance between mitigation and adaptation (Article 9.4 of the Paris Agreement) and addressing loss and damage. The mobilisation of climate finance has been increasing worldwide, including both public and private finance, and the NCQG should follow this trend in a progressive way, particularly in the context of public finance (Article 9.3 of the Paris Agreement).These flows must be adequate, using a spectrum of instruments such as grants when needed, like in the case of an adaptation (Article 9.4 of the Paris Agreement), and loans when there is the possibility to generate returns to pay back. 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.

Accessibility: One of the major challenges in the context of climate finance is access. The success of the NCQG will be determined by the accessibility of available finance and capabilities for using it where it is needed. In this context, the "NCQG should enhance access to finance by prioritising the most vulnerable and capacity constrained countries, further simplifying and harmonising procedures across institutions, enhancing direct access and decentralising decision-making, and strengthening local capacities" (Cozzi et al, 2022).

Transparency: The NCQG should include a transparent system for tracking, monitoring and reporting progress in delivering on the NCQG that clearly identifies what counts and what does not count towards achieving the NCQG. All relevant information on implementing the NCQG should be publicly available at all times, including information on origins of provided climate finance (e.g., in developed countries budget allocations), its use and its climate-relevance and so forth. In this context, the accurate disclosure of information based on a future NCQG monitoring mechanism will greatly contribute to trust building among countries that the NCQG will need. This is also consistent in the context of Article 9.7 of the Paris Agreement.

Convergence: Action towards achieving the NCQG should, in both provision and mobilisation of climate finance, ensure coherence and convergence with other international agreements such as the Sustainable Development Goals. This would for instance also mean that climate finance should also advance gender justice, enhance participation and inclusion in planning and implementing measures supported with climate finance, while at the same time contribute to sustainable development in all its dimensions, including efforts to reduce poverty.

Science- and Needs-based: More critically, the worsening of the climate crisis around the world brings growing but varying needs, especially in developing countries. The NCQG should be designed, implemented and regularly revised and adjusted based on the latest scientific findings such as those brought together by the Intergovernmental Panel on Climate Change (IPCC) and other actors analysing and assessing evolving needs in developing countries, but also including the outcome of the regular Global Stocktakes, to ensure that the NCQG can take into account the needs of developing countries.[5] This requires to consider the needs of the different populations, including vulnerable people, local and indigenous groups, as well as women, youth and children.

3. A multi-layered NCQG

The structure of the NCQG has been an issue of consideration at the fifth technical expert dialogue (TED5). For many participants, experiences with the $100-billion-a-year goal have shown that a one-dimensional goal with little definitional context does not adequately target specific needs in developing countries, for instance regarding predictability on the provision of support specifically for adaptation. Various actors have suggested setting up dedicated subgoals, for instance on adaptation (e.g., AILAC 2022, CAN International 2022), while others have asked for differentiating between providing (public) finance to support developing countries in meeting the cost of action and mobilising finance to address investment needs for transforming economies, an issue that has also been raised in previous TEDs (UNFCCC 2022a).

[5] According to the NDR, there is a need for 5.8 trillion to implement NDCs towards 2030 (NDR, 2020). Although this number does not reflect the whole reality of countries, it may guide the amount that would be needed.

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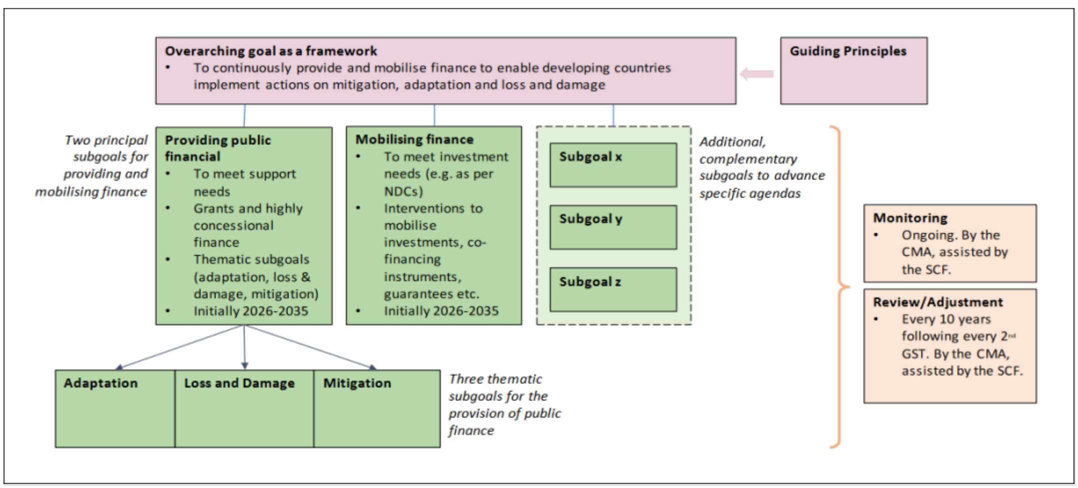
An interesting example to look at might be the Kunming-Montreal Global Biodiversity Framework (GBF) adopted at the 15th UN Biodiversity Conference (COP15) at the end of 2022, as hinted at by Norway and the UK in their NCQG submissions (Norway 2023, UK 2023). It consists of four overarching goals under which there are 23 targets to achieve by 2030.[6] While the GBF is not a finance goal as the NCQG will be, it does include finance-related goals, and its example illustrates the concept of a multi-layered goal with different dimensions.

The NCQG could be set up similarly, with an overarching goal as a framework under which a series of subgoals addressing a range of specific aspects would sit.

Figure 1. Schematic illustration of the principal structural elements of the NCQG



Two principal subgoals would facilitate the provision of public finance to meet support needs and the mobilisation of (private) finance to meet investment needs. The former could be split up further into three thematic subgoals. Additional, complementary subgoals could be added to advance specific agendas. Monitoring of progress and review/adjustment would be conducted by the CMA, assisted by the SCF.

[6] See https://www.unep.org/news-and-stories/story/cop15-ends-landmark-biodiversity-agreement for more details.

3.1 An overarching goal as a framework

The overarching goal would be framed as a long-term (and long-lasting) goal that would act as a framework. It would include the principles as set out in section 2 above. It would also include references that establish the desired links to provisions of the Paris Agreement (and the UNFCCC), such as Article 2, Article 9, Article 4.5, or the support dimension of Article 8.3.

The overarching goal would ideally be generic yet sufficiently comprehensive to last for some time (or even permanent). It would provide clarity on its purpose and direction, namely, to continuously provide and mobilise finance to enable developing countries implement actions on mitigation, adaptation and loss and damage, including as identified in their NDCs, NAPs and other relevant plans and strategies with a view to enhance the capabilities of developing countries to contribute to implementing the Paris Agreement. This could be backed by references to existing or otherwise desired qualifiers of climate finance, such as equity (to broadly establish who would act under the NCQG and how), balanced allocation, or its orientation alongside needs of developing countries.

The overarching goal, if designed as a framework under which the more actionable subgoals would sit as described below, might not need a timeframe itself, although references to existing timeframes may make sense, such as the one to achieve net zero emissions in the second half of the century as stipulated in Article 4.1 of the Paris Agreement.

3.2 A set of actionable subgoals

Decision 9/CMA.3 provides that the NCQG should “take into account the needs and priorities of developing countries” (UNFCCC 2021), something that also the Paris Agreement in its Article 9.4 states about climate finance in general, further adding that there should be a balance between mitigation and adaptation in the provision of climate finance (UNFCCC 2016). While this reference to ‘balance’ only addresses mitigation and adaptation, it is likely that the concept of ‘balance’ across various issues related to the provision (and mobilisation) of climate finance would find broad support. For any balanced NCQG, one would need further specifications via its core structure.

Hence, we suggest that the NCQG should have a dynamic but still basic set of subgoals that would remain flexible and be adjusted and complemented from time to time (see below). Dedicated subgoals would help facilitate more targeted and more predictable provision and mobilisation of finance for specific aspects. The subgoals would ideally be specific enough to facilitate desired action (such as, e.g., a balanced allocation between mitigation and adaptation or supporting activities to address loss and damage) or address upcoming aspects of the evolving climate regime as well as of evolving needs. At the same time, any such subgoals as well as the NCQG in its entirety should avoid being overly prescriptive, in order to avoid possible conflicts with specific needs of countries.

A technical paper by the UNFCCC secretariat has helpfully highlighted suggestions by various actors that the NCQG should differentiate “between investment needs that could be met by mobilising public and/or private investments and support needs that should primarily be covered through grants and concessional finance, particularly in the case of support needs related to adaptation” (UNFCCC 2022a). This differentiation could be covered by two core subgoals, one addressing support needs and another one addressing investment needs,[7] similar to a suggestion by AILAC (AILAC 2023).

In addition, evolving needs in developing countries and enhancing balance may support the idea to allow for additional, complementary subgoals that could be expressed in quantitative or qualitative terms, e.g., related to removing barriers to accessing finance, or to facilitate climate finance related aspects of specific agendas pushed by COP decisions (such as phasing down unabated coal as provided for by COP26, or any other provisions that Parties may want to agree on in the future, such as a global goal for the expansion of renewable energy).[8]

To effectively monitor developing countries' evolving needs, the NCQG and its subgoals would be subject to regular review, allowing for dynamic adjustment. This would not only include adjusting the quantum over time but also adjusting additional qualifiers to the subgoals as deemed necessary by Parties. This could also allow adding additional subgoals, e.g., as a result of a Global Stocktake or other processes where the CMA agrees to take further action.

While the overarching goal would perhaps not need a specific timeframe (given its ideally long-lasting nature), the subgoals will need timeframes to facilitate action. As presented in section 4, we suggest an initial time frame of 2026-2035.

3.2.1 Subgoal(s) on the provision of support

Many Parties, including developed countries (e.g., EU 2023), have highlighted the need for continued provision of public finance. To facilitate such provision of public finance, it is logical to include a subgoal on the provision of public finance to address support needs of developing countries to cover the cost of action (especially in adaptation and addressing loss and damage, but also for targeted mitigation actions in less developed markets).

For the sake of 'balance' and a closer link to specific needs in developing countries, such a subgoal could include further specifications to enhance balance in the provision of public finance support for mitigation, adaptation and loss and damage. To make 'balance' more actionable, the subgoal itself could be split into three subgoals, one for each of the three areas.[9] A key reason for doing this would be linking the NCQG closer to needs and delivering 'balance'. Once Parties agree on thematic subgoals, presumably by consensus as per the practice of the UNFCCC, one would expect that this would constitute balance in the eyes of all Parties, without having to define 'balance' much further.

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[7] There is of course overlap – assistance via public climate finance from developed countries could be used to mobilise said investments.
[8] See for instance https://www.politico.eu/article/cop28-could-set-global-renewable-energy-goal-danish-minister/ (accessed 25 May 2023).
[9] A loss and damage subgoal could focus on addressing loss and damage. Minimising and averting loss and damage could be covered under the adaptation subgoal.

Contributors to this goal would be identified based on Articles 9.1 and 9.2 of the Paris Agreement. Contributions would come in the form of public finance. Further provisions could be attached to the subgoals on issues such as financial instruments, vulnerability or geographic distribution, such as highlighting the importance of grants in supporting adaptation or, following the example of the Green Climate Fund, aiming to allocate a proportion of the adaptation allocation (such as 50 per cent) for particularly vulnerable countries, including Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States.[10]

In setting any such subgoal(s) on the provision of public finance, criteria on what types of funds would be considered towards the subgoal(s) should be clearly defined. This could include, for instance, expressing the subgoal(s) and contributions towards it on a grant equivalent basis (similar to the accounting of pledges to the Green Climate Fund).[11] This would enhance comparability of efforts among contributors but also allow for better accounting of financial effort by providers and financial benefit by receiving countries. Of course, any public finance reported towards this goal would have to contribute to the achievement of the objectives of the Paris Agreement.[12]

The subgoal or the subgoals would be given an initial time frame of 2026-2035 and could be expressed as either a fixed annual quantum throughout the years or aim at gradually reaching an annual level by 2035.[13]

3.2.2 Subgoal on the mobilisation/ shifting of (private) finance

To complement the support dimension of the NCQG, another subgoal could be included to facilitate the mobilisation of finance to address capital and investment needs in developing countries – similar to a suggestion by, for instance, the UK (UK (2023)). For this subgoal a further split into the three thematic areas (mitigation, adaptation and addressing loss and damage) might not be useful. For instance, private finance might turn out to be inadequate for the often-critical areas of adaptation such as ensuring food and water security or protecting people from worsening risk of extreme events, areas where public finance will remain essential (see for instance WRI 2022).

[10] These are only examples to illustrate the idea of further qualifying the suggested subgoals. A closer examination of 'needs' and 'balance' and consistency with the NCQG's guiding principles may well lead to other qualifiers.

[11] Such a grant-equivalent recording approach would need further investigation about its practicability, given that not all public finance instruments can be accounted for by a grant equivalent; yet grant equivalent accounting seem to have its benefits, evidenced by the practice of such accounting of ODA concessional finance to the OECD DAC for development finance.

[12] Excluding for instance any investments that expand the use of fossil fuels or the lifetime of existing fossil infrastructure. And for coherence, also excluding finance that may work against other relevant international agreements, including for instance the SDGs

[13] Presumably, 'gradually reaching' would imply 'gradually increasing' for some time to come; but of course needs may, at some point in the theoretical future, also decrease.

Additionally, this subgoal should include clear criteria of what should be counted and how to count it - for instance differentiating in the reporting between activities to mobilise investments and the resulting investments, [14] as well as answering the difficult question of what interventions (and by whom) actually contributed to the mobilisation. Without further specifications, contributions to achieving this goal would be expected based on Articles 9.1-9.3 of the Paris Agreement. Actors towards this subgoal would be countries, namely, to deliver the mobilisation efforts; the private sector would (ideally) react to such mobilising efforts, but Parties would remain responsible for delivering on this subgoal.

This subgoal would be given an initial time frame of 2026-2035 and, again, could be expressed as either a fixed annual quantum of mobilised (private) investment throughout the years or an annual level to be reached by 2035.

3.2.3 Additional, complimentary subgoals

An NCQG that takes into account the needs of developed countries, including specific needs and needs arising from specific action taken by the COP on various aspects of the implementation of the Paris Agreement (including for instance phasing down unabated coal as stipulated by COP26), might benefit from flexibility to complement the core subgoals as described above with additional subgoals. The NCQG could be designed to allow for adding such complementary subgoals as deemed necessary by Parties, both at its initial set up as well as during the regular review processes set out in chapter 5. Such complementary subgoals may not need a specific, constraining format but could be designed as needed. Some of them may overlap with others and with the core subgoals suggested above; some may be formulated around the desired output or impact rather than a financial input (e.g. a goal to enhance access to available finance); others may have a qualitative nature rather than include a quantum, others might target specific sectors or areas of action - as deemed necessary and useful by Parties e.g. in the review and adjustment process suggested below.

Examples for such complementary subgoals may include (and the following list is only inserted here merely to illustrate the idea, rather than propose concrete complementary subgoals):

- A subgoal facilitating the reform of the international financial architecture to enhance compatibility with the goals of the Paris Agreement, including the necessary reforms for the World Bank and other multilateral financial institutions.
- A subgoal on enhancing access and removing barriers to available finance through dedicated programmes for (institutional) capacity building in developing countries and/or efforts to harmonise access features of various funding channels.

[14] The mobilising effort will often be linked to an intervention involving public finance. Agreement would have to be found where to report it, as it would equally be reportable under a subgoal for the provision of public finance. The core metric of reporting towards a subgoal on mobilising finance could be the resulting mobilisation rather than the 'input'.

- A subgoal on enhancing the share of grants in the provision of support and/or on reducing the debt impact through concessional debt instruments.
- A subgoal to enhance the quality of reporting climate finance that could facilitate e.g., more wide-spread reporting of grant equivalents of non-grant instruments in order to better assess the financial effort by climate finance providers and the financial benefit for developing countries.
- A subgoal facilitating the implementation of Article 2.1.c). It has been decided already that the NCQG should aim at contributing to achieving Article 2 of the Paris Agreement, including "[making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development"]. [15] This could now be converted into a dedicated subgoal. [16]
- A subgoal dedicated to furthering the phase-out of fossil fuels and/or the expansion of renewable energies. Some actors have proposed that COP28 adopt a global target on renewable energies in line with what would be required to keep warming below 1.5°C. A dedicated NCQG subgoal related to financial aspects, including financial support needed by developing countries or related to lowering capital cost for renewable energies in developing countries, could complement such a global target. Likewise, the much-needed gradual but swift phase-out of fossil fuel use[17] could become the subject of a dedicated NCQG subgoal addressing its financial aspects.

The above list is for illustrative purposes – more discussion will be needed on specific subgoals, and the list certainly does not include all interesting options. Also, depending on the exact nature of any of such subgoals, clarity would need to be achieved in terms of who is expected to act towards a subgoal's delivery; while in some cases a subgoal might address the activities of an external actor (e.g. the MDBs in a subgoal advancing the reform of the international financial architecture), it would usually still be (a subset of) Parties that would be expected to act to achieve a desired outcome, while external actors could be invited and encouraged to contribute. To ensure that the NCQG closely monitors the evolving needs of developing countries, the regular review and adjustment process (see section 5.2) should allow for adding additional subgoals. This could of course also include removing subgoals once they are completed and deemed no longer necessary. This way, the NCQG would eventually take the form of a dynamic goal matrix.

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[15] Decision 9/CMA.3.

[16] Although, equally, this could also be assumed to be a guiding principle for the NCQG in its entirety, without a dedicated subgoal or another element of the NCQG.

[17] Or the already recognised need for a phase-*down* of unabated coal.

Box 1. Option X

Following the logic by which in past TEDs the various options for the NCQG had been summarised for easy reference, the NCQG structure proposed in this paper could be summarised as follows:

Option X: "An overarching goal to provide and mobilise climate finance to developing countries as needed, complemented by subgoals with a 10-year-cycle (starting 2026-2035) on the provision of support for adaptation, mitigation and addressing loss and damage; for the mobilisation of (private) finance to meet investments needs; and additional subgoals as deemed useful; with continuous monitoring of progress and regular review and adjustment of the NCQG towards the end of each cycle."

4. Temporal aspects of the NCQG

Any potential design of the NCQG, including the structure proposed in this paper, will require a reasonable timeframe, to improve transparency, maintain momentum, build a sense of urgency, and facilitate action. The timeframe could be short-term (e.g., 5 years), medium-term (e.g., 10 years) or long-term (e.g. 25 years) as reflected in the discussions on temporal scope of the goal at the fifth technical expert dialogue (TED5). It is important to note that some of these options are not necessarily mutually exclusive but there could be options that combine different timeframes. The ideal timeframe of the NCQG (and its dynamic matrix of subgoals, see above) will depend on several factors including the level of ambition, the structure and purpose of the goal.

At the TED5, the possibility for different timeframes and review cycles of different aspects of the NCQG was also discussed. While this is certainly an option and would allow for more flexibility, it would mean more complex (and possibly near-constant) deliberations on reviewing and adjusting various elements of the NCQG. With that in mind, a fixed timeframe for all elements of the NCQG might be a more manageable option.

Designing the NCQG with a short, five-year timeframe may provide better predictability for developing countries, could be aligned with the five-year NDC cycle and allow for more short-term adjustments to keep a close tab on evolving needs, but it may be the more difficult to implement as contributors may require longer time to get political –buy-in and mobilise finance. At the same time, it will be challenging to track and monitor progress towards meeting the NCQG given the two-year data lag for reporting with its relatively higher impact for short time frames than for longer ones. Finally, a short time frame would require near-to-constant work on adjusting the NCQG and its potential subgoals.

We suggest a ten-year timeframe for the NCQG and its potential subgoals, starting with the period 2026-2035, following which the review and adjustment process (see below section 5.2) would initiate the next period 2036-2045 etc. The quantum attached to the various subgoals would come in the form of a fixed annual quantum or an annual level to be reached by the end of the ten-year period (e.g., 2035, 2045 etc.) through gradual increase.

A ten-year operational timeframe considers both the immediate needs and longer-term objectives. This offers a longer-term strategic planning horizon that considers the immediate need for climate action while also allowing for consistent efforts to have a significant long-term impact. This option can be designed in a way that provides flexibility and adaptability as needed. With a predetermined annual goal, or the assumption that an annual level be reached by the end of the timeframe based on gradual increases over the period, there is an additional layer of certainty and increased transparency for both contributors and recipients. Also, a ten-year cycle has the added benefit that it would be in sync with other relevant processes, such as the 2-year cycles of the Biennial Transparency Reports (BTRs),and the Biennial Assessment and Overview of Climate Finance flows (BA); as well as the Determination of the Needs of Developing countries coordinated by the SCF every 4 years, and the 5-year cycles of the Global Stocktake and the Nationally Determined Contributions.

5. Monitoring progress & review and adjustment

Monitoring progress and review and adjustment are integral structural parts of the NCQG. No formal monitoring process exists in relation to the $100-billion-a-year goal, and it was only in 2021 that the COP requested the SCF to prepare a report on the progress towards achieving the goal - although it should be clear that continuous monitoring of progress can contribute to achieving any goal, as it can point to gaps, imbalances and overall performance issues. Therefore, a dedicated NCQG monitoring system should be established. At the same time, if divided into 10-year cycles as suggested above, the NCQG would periodically be reviewed and adjusted. Obviously, while there will be overlaps between the monitoring process and the adjustment process (and the former serving as input for the latter), they would still be two separate processes.

Rather than creating new bodies or mechanisms, it may be desirable to make best use of existing frameworks, mandates, bodies and processes. These include the Enhanced Transparency Framework (ETF) and its Biennial Transparency Reports (BTRs), the SCF's Biennial Assessment and Overview of Climate Finance Flows (BA) and its Needs Determination Reports (NDRs), the Nationally Determined Contributions process (NDCs), the National Adaptation Plans (NAPs), and the Global Stocktake (GST).

Table 1. Existing frameworks to support the monitoring of the NCQG

Biennial Transparency Reports (BTRs)	The Enhanced Transparency Framework (ETF) was established to build confidence and trust among Parties to the Paris Agreement. Parties agreed on the Modalities, Procedures and Guidelines (MPGs) to operationalize the ETF and developed common tabular formats for reporting on their action and support. BTRs should be submitted every two years with developed countries reporting on finance provided and mobilised and developing countries reporting on finance needed and received. The first BTRs are to be submitted by December 2024.
Biennial Assessment and overview of climate finance flows (BA)	The SCF in its function of assisting the COP in the monitoring, reporting and verification (MRV) of support provided to developing countries prepares a report every two years using information from all available sources, including thematic and geographic balance of flows. The BA provides an overview and trends of climate finance flows including from developed to developing countries.

Global Stocktake (GST)	The GST is a party-driven process that enables countries and other stakeholders to assess where they are collectively making progress towards achieving the goals of the Paris Agreement- this includes climate action and support, identifying gaps, and agreeing on solutions pathways. The GST will be undertaken every five years with the first one in 2023.
National Adaptation Plans (NAPs)	NAPs are a continuous, progressive, and iterative process in which countries identify medium-and long-term adaptation needs and develop and implement strategies and programmes to address those needs.
Nationally Determined Contributions (NDCs)	Parties are required to prepare, communicate, and maintain successive NDCs every five years. NDCs represent each country's efforts to reduce national emissions and adapt to the impacts of climate change. The next round of NDCs will be submitted in 2025.
Determination of the needs of developing countries (NDRs)	Every four years the SCF prepares a report on the determination of the needs of developing countries related to implementing the Convention and the Paris Agreement. The next NDR report will be published in 2024.

Parties should also consider findings from other processes outside the UNFCCC to inform the review and revision process. Some of these were discussed at TED5 and include the work of the International Energy Agency, the Organisation for Economic Cooperation and Development, the Climate Policy Initiative, the United Nations Environment Programme, the work of the World Bank, the International Monetary Fund, the Coalition of Finance Ministers for Climate Action, the Glasgow Financial Alliance for Net Zero, other relevant data generated at the regional level, and other national strategies and plans as well as tracking systems, among others.

5.1. Monitoring progress in delivering on the NCQG

For continuously monitoring progress on achieving the NCQG and its subgoals, two essential functions are needed: tracking progress and taking action based on evidence found during the tracking. We suggest this to be performed by an enhanced mandate for the SCF and by Parties agreeing on a new permanent CMA agenda item on the NCQG.

For the tracking, the CMA could mandate the SCF to gather inputs and assess progress, possibly in a stand-alone report every two years or by integrating it into the already established Biennial Assessment. The AILAC group in its recent submission ahead of TED6 indicated that the SCF could play an important role in assessing progress (AILAC 2023). Inputs for this exercise could be reports that are submitted by Parties such as BTRs under the ETF, but also other relevant inputs, including outcomes from the Global Stocktake, analyses, assessments, and reports from both inside and outside the UNFCCC process, including relevant work conducted by international entities, as well as by Parties and Observers. Parties in the process of reviewing and updating the modalities, procedures, and guidelines of the enhanced transparency framework no later than 2028, as per decision 18/CMA.1, could consider revising the common tabular format for reporting finance provided and mobilised to track progress on the different subgoals included in the NCQG.

The output of this work, i.e., the report on the progress made towards achieving the goal, could then be considered under a new permanent CMA agenda item dedicated to monitoring NCQG progress and taking actions as deemed necessary by Parties to advance the goal. This allows Parties to consider not only the quantitative but also qualitative elements of the goal (such as improving access and removal of barriers for investment) as well as additional issues related to the NCQG that may need attention. The CMA would take action and adopt decisions as needed with a view to enhancing implementation and achievement of the NCQG and its subgoals. Parties could also decide to have biennial high-level ministerial dialogues complementing the work of the SCF to get significant political buy-in.

5.2. Regular review & adjustment of the NCQG

The monitoring process set out above would be complemented by a regular review and adjustment process to ensure the NCQG's continued relevance and effectiveness and taking into account evolving needs in developing countries, as emphasised by various actors, including India on behalf of the LMDC, suggesting "a methodology and mechanism [...] to repeatedly assess the needs of developing countries in a recurring manner to define future finance-related goals" (India 2023).

It seems to make sense to organise the review and adjustment process with the same cycles as implied by the time frames for the NCQG and its suggested subgoals (e.g., in 10-year cycles). This process would take place under the same standing CMA agenda item on the NCQG tasked with the ongoing monitoring of progress. Parties would consider a range of inputs and then update existing subgoals (attaching new quanta for the next 10-year cycle, but potentially also add additional qualifying language around the NCQG and its subgoals) as well as adding additional subgoals (or removing subgoals deemed no longer necessary) as required taking into account the evolving needs of developing countries.

Inputs to reviewing and adjusting the NCQG and its subgoals would include the work of the SCF (including its related to the NCQG progress report as suggested above) and its BA, the NDRs, BTRs, NDCs, NAPs, national strategies and plans, the outcome and outputs of the GST, and other relevant processes and reports such as the IPCC report and other existing literature on needs of developing countries. The SCF could also be mandated to produce a synthesis report of relevant inputs to guide the review and adjustment process. Parties under the standing CMA agenda item on NCQG would then consider the SCF's synthesis report and all the relevant inputs to determine gaps between needs and flows.

The Global Stocktake (GST) would take on an important role to provide input to this process. The GST process enables countries to see where they are collectively making progress toward meeting the goals of the Paris Agreement and its outcome shall inform Parties in updating and enhancing their actions and support (Article 14.3 of the Paris Agreement). As part of its mandate, the GST would also look at where the world stands on climate action and support, ideally including an assessment of the performance of climate finance, flows and gaps related to the means of implementation and support and mobilisation and provision of support as well as information on Article 2.1.c). In the same way as informing the revision of the NDCs, the GST outcome could inform the adjustment of goals and subgoals of the NCQG, based on the mentioned assessment of gaps between climate finance flows and needs. In the last technical dialogue of the GST held in COP27, there was a discussion about the existing gaps between financial flows and needs and to what extent this can be considered in the design of the NCQG. [18]

If the subgoals of the NCQG operate within a ten-year timeframe, the review and adjustment could take place in the two years after every second Global Stocktake (GST). For instance, the outcome of the 2033 GST along with all other relevant inputs could be considered by Parties in reviewing the quantitative and qualitative elements of the NCQG and its subgoals in 2034 and 2035. Parties could then take a decision to revise the NCQG and its subgoals at the COP in 2035 to come into effect from 2036 onwards. In short, the outcome of the 2033 GST could lead to the adjustment of the NCQG and its subgoals for the 2036-2045 period.

It should be noted that, depending on the design of the NCQG, the revision of the NCQG could also take place more dynamically. For instance, in the context of adaptation, the needs can change rapidly, meaning it may make sense to adjust relevant elements of the NCQG in shorter periods than those focusing on other aspects (such as mitigation). While we would still suggest having a comprehensive review and adjustment every ten years, the CMA may, through the proposed standing NCQG agenda item, make adjustments in shorter intervals as deemed necessary.

6. Conclusion

The core structure of the NCQG (including structural features such as potential subgoals, review processes or time frames) will be its heart - and having it settled, at least in broad terms, will be a precondition for any concrete consideration the quantum (or: quanta, in case the NCQG will be equipped with several subgoals) and an understanding of what roles Parties will identify for themselves in contributing towards it.

Some of the already established provisions for climate finance, such as its links to developing countries' needs or having 'balance', as well as the shortcomings of the $100bn-a-year goal in our viewpoint to certain structural features, including establishing subgoals or agreeing on monitoring and review processes as well as adopting a set of guiding principles.

To advance the discussion and allow a productive final stretch for the deliberation after COP28 over 2024, it would be desirable if Parties, ideally facilitated by the discussion at the planned High Level Ministerial Dialogue at COP28, could agree on some of the core structural features of the NCQG, such as

- Differentiating between the provision of finance to address support needs and the mobilisation of finance to address investment needs - e.g., through subgoals for each.

[18] In this context, it will also be important to provide further support to developing countries to assess their national needs in the context of the NDCs, NAPs and other relevant policies and include these needs in the ETF, collected in the NDR and then reported in the GST to feed the revision of the NCQG (Guzman and Cardenas, 2022).

- Achieving consensus on ‘balance’ by structurally spelling it out, e.g. in the form of thematic subgoals, at least for the providing finance for support dimension of the NCQG.
- Agreeing to include a regular review process to ensure continuous consideration of the (evolving) needs of developing countries.
- Setting the time frame for the NCQG’s elements (e.g. subgoals) and their regular review cycles.

Settling all the above early on (e.g., at COP28) at least in principle, would allow using the final year to flesh out the details, rather than keeping all options (related to the above items) open until the very last moment and then run out of time to flesh them out. It would also free up time to reach agreement on some of the other difficult issues such as the quantum (or quanta), the question of contributors or if (and how) finance for addressing loss and damage will be included in the NCQG.

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