

# Third Brief on NCQG simplified negotiation options

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In preparation for the determination of the New Collective Quantified Goal on Climate Finance (NCQG) by the end of 2024, when the Ad-Hoc Work Programme (AHWP) finishes at CMA6, we are presenting below a *Third Brief on NCQG simplified negotiation options*, based on our [first brief](#) and [second brief](#). This final version of the brief is built on options identified in the [submissions](#)<sup>2</sup> from Parties, as requested by the Co-Chairs for TED11 and the Third and final Meeting under the AHPW.

This is displayed in the following table, with the first column showing the potential element for an NCQG draft decision and the second column being the authors' condensed version. It is important to note that the simplified negotiation options reorganize different elements to avoid duplication. These simplified alternatives are segmented using brackets and color coding for visual reasons. The latter only separates individual conceptual negotiation topics from each other, but colors do not imply any preference for issues. All negotiation options have a default "no go" alternative implied by all proposals in brackets.

The formulation of simplified negotiation options for the NCQG is intended to provide interested stakeholders with a clearer understanding of the existing options as the decision is to be adopted in Baku, Azerbaijan, by November.

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<sup>2</sup> Parties and Group submissions: African Group of Negotiators, Alliance of Small Island Developing States, Arab Group, Armenia, Australia, Canada, European Union, G77 and China, Group SUR, Independent Alliance of Latin America and the Caribbean, Islamic Republic of Iran, Least Developed Countries Group, New Zealand, Pakistan, Russian Federation, Switzerland, Ukraine, and the United States of America.

## Elements of the NCQG and proposed simplified negotiation options

Element of the NCQG	Simplified negotiation options
<b>Preamble</b>	<p>Recalling <b>Articles</b> [3.5] [4] [4.7, 4.9 and 4.11] [11] of the UNFCCC [and] [Articles 2] [2.1] [2.1 (c)] [2.2] [3] [3.5] [4.5] [9] [9.1] [9.3] [9.4] [9.5] [9.7] [9.9] of the Paris Agreement]</p> <p>Recalling <b>Decisions</b> [1/CP.21, paragraphs 1 and 53] [2/CP.15] [14/CMA.1] [paragraph 1] [1/CMA.3] [paragraphs 49 and 50] [9/CMA.3] [paragraphs 3, 4, and 15] [1/CMA.4] [paragraph 56] [5/CMA.4] [paragraph 4] [1/CMA.5] [paragraphs 16 (e)] [68] [93] [94] [95] [96]] and [8/CMA.5]</p> <p>Reaffirming the relevance of [the latest <b>science</b>] [IPCC AR 6 findings] [science-based targets] [holding the increase in the global average temperature to well below 1.5 degrees Celsius above pre-industrial levels] [undertaking rapid reductions] [the commitments by all Parties to accelerate climate action within this decade] [limited carbon budget] [increasing the ability to adapt and foster climate resilience] [addressing loss and damage] [in the NCQG outcome]</p> <p>Acknowledging the [the 1st <b>GST</b> outcome] [including the fact that Parties are not yet collectively on track towards achieving the Paris Agreement but are resolved to urgently address this gap noting climate finance is a critical enabler] [and reaffirming the commitments by all Parties to accelerate climate action within this decade, transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 2030] [and achieving a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gasses well before 2050]</p> <p>[Recognizing the importance of <b>urgent and sustained climate action</b> to scale-up investments in climate action and reiterates that the new collective quantified goal aims to contribute to achieving all three goals of the Paris Agreement] and [recognizing that enhanced support for developing country Parties will allow for higher ambition in their actions]</p> <p>Acknowledging the [framework for the <b>global goal on adaptation</b> as referred to in decision 2/CMA.5 and any future substantive outcomes of the Sharm el-Sheikh mitigation ambition and implementation work program]</p> <p>Reference to [the achievement of <b>100 billion</b>] [unfulfilled climate finance commitments]</p>
<b>Context</b>	<p>NCQG [must] [should]</p> <p>[address] the [evolving] [quantitative] [<b>needs and priorities</b>] [capacities] [abilities] of developing countries] [in implementing the objectives of the Paris Agreement] [across different thematic areas (adaptation, mitigation, loss and damage, transparency, technology transfer and</p>

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	<p>capacity building) [in recognition that these needs and priorities are different from country to country and region to region, and there is no one size fits all approach to supporting climate activities in developing countries] [in a manner which supports locally led action and ownership and low emissions pathways and climate resilient development] [recognize the special needs of LDCs and SIDS]</p> <p>[and specifically address]</p> <p>[the importance of <b>just transitions</b>]</p> <p>[the scale of needs and priorities communicated by developing countries [while recognizing that some needs are difficult to cost] and [the growing <b>gap between the needs</b> of developing country Parties, in particular those due to the increasing impacts of climate change compounded by difficult macroeconomic circumstances, and the support provided and mobilized for their efforts to implement their nationally determined contributions, highlighting that such needs are currently estimated at USD 5.8–5.9 trillion for the pre-2030 period].</p> <p>[the <b>adaptation finance gap</b>] [adaptation finance needs of developing countries estimated at USD 215–387 billion annually up until 2030] [the urgent and immediate need support for adaptation efforts including those focused on achieving the Global Goal on Adaptation and its Framework]</p> <p>[the urgent and immediate need for new, additional, predictable, adequate, affordable financing for loss and damage response] and [that annual <b>loss and damage finance needs</b> are estimated up to USD 580 billion by 2030, USD 1 trillion by 2040 and USD 1.7 trillion by 2050, with developing countries shouldering most of the burden]</p> <p>[acknowledge the [historical] <b>responsibility</b> of [developed countries] [Annex II Parties to the UNFCCC] to finance these needs]</p> <p>[accelerate the <b>implementation</b> of [ambitious] NDCs, NAPs, LTS, and other climate action plans and country-driven strategies in developing countries [backed by clear investment strategies, domestic resource mobilisation and supporting macro, fiscal and other policies] [coupled with transparent, accurate, comparable, consistent and complete Biennial Transparency Reports]</p> <p>[recognize [that there is sufficient global capital to close global investment gaps but there are <b>barriers</b> to accessing and redirecting capital to climate action from all sources for developing countries] [recognizes that around 80% of financial instruments being used for climate action take the form of loans, reducing developing countries' fiscal space and deepening the levels of indebtedness, requiring equitable access to quality finance] [developing countries suffer the disproportionate impacts of climate change, facing a high cost of capital due to economic and political instability, underdeveloped financial markets, and investment risks] [access to international climate finance is impeded by complex procedural requirements and limited institutional capacity, while the absence of risk mitigation instruments, such as guarantees and insurance, exacerbates financing challenges].</p>

Element of the NCQG	Simplified negotiation options
	<p>[Emphasises that realising the levels of investment necessary to achieve the long-term goals of the Paris Agreement will require <b>global economic transformation</b>, and recognises that this can only be enabled through sustained action by all Parties and relevant actors, public, private and other, to align domestic and international financial markets, including through the establishment of ambitious climate policies and investment strategies, backed by domestic resource allocation and international cooperation and partnership]</p> <p>[The NCQG is envisioned with fundamental <b>principles</b>, including [in accordance with the principles and provisions of the [UNFCCC and its] Paris Agreement] including [equity] [common but differentiated responsibilities and respective capabilities] [the right to development, sustainable development and poverty eradication]</p> <p>and <b>principles</b> of [climate justice] [just transitions] [country-drivenness] [predictability] [affordability] [accessibility] [effectiveness] [progression] [urgency to support climate ambition, implementation and action] [regional balance] [fairness] [climate ambition as key driver for increasing global investment and also safeguard economic stability and fosters sustainable low-emissions and resilient development pathways] [to support the transformational change that is required across global financial systems to mobilize and deliver finance] and [non-debt-inducing finance for developing countries] [finance post-war recovery in developing countries that is aligned with the goals of the Paris Agreement]</p>
<b>Temporal scope</b>	<p>[The NCQG to have a <b>time frame</b> of</p> <p>[5 years [2025-2029] [2026-2030]] [10 year][2025-2034] [2026-2035] [2025-2035] [up to 2050] [a ramp up period and the period of the goal] [a progressive increase] [with a minimum floor until the conclusion of the period to be adjusted by the CMA]</p> <p>with [milestones] [aspirational] [indicative] timeframe] [for another five years] [for 2030 and 2040] [up to 2050] [2060] [2070] [linked to net zero targets]</p> <p>with [annual targets]]</p>
<b>Structure of the goal</b>	<p>[As part of a [global <b>effort</b>] [collectively]] and [<b>in the context of</b> [meaningful mitigation actions] [1.5-degree C limit within reach] [article 2 of the Paris Agreement] [transparency on implementation] [ambition] [transformational adaptation] [achieving a balance between mitigation and adaptation]] agree on</p> <p>[A [quantitative] [quantified] [outcome-based] [long-term] [aspirational] [principle-based] [comprehensive] [multidimensional] [multilayered] <b>goal</b></p> <p>[<b>from</b> [[developed countries] [all Parties] [high emitters] [the ten largest emitters [currently] [based on cumulative GHG emissions]] [those with capacity to pay] [and voluntary contributions from] [other Parties] [in a position to do so] and non-Party stakeholders, such as private sector entities and philanthropic organizations [mobilized through public interventions by developed country Parties] [sustained and</p>

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	<p>continuously increasing efforts of all Parties and other public and private actors]</p> <p>[<b>with a contributor base</b> to be captured in a [static] [dynamic] list that could be amended through a set of indicators such as:</p> <p>[[GNI] [GDP per capital [public FD]] above xx USD] [higher economic capacities] [HDI level and above] [purchasing power parity adjusted GNI per capita of more than [22,000 USD] [40,000 USD] [52,000 USD]]</p> <p>[direct emissions above xx tCO<sub>2</sub>eq] [total/per capita emissions above x tCO<sub>2</sub>eq] [cumulative past and current emissions per capita of at least 250t CO<sub>2</sub>eq]</p> <p>[Parties with a space program]</p> <p>[Include an indicator to take into account the climate vulnerability of Parties, i.e. the higher the climate vulnerability the lower the expected contributions from a particular contributor would be expected]</p> <p>[countries that are already significant contributors in bilateral or multilateral climate finance, excluding Parties which are classified as a low-income country with a risk of external debt distress, or which classify as SIDS and LDCs and have a HDI value of less than 0.9, or those which are in fragile or conflict affected situations]</p> <p>[and based on a threshold, which is updated every two years, in line with BTR cycles – countries who meet the threshold become 'contributor' and must report on climate finance delivered in the following BTR cycle]</p> <p>[to developing countries] [especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States] [fragile and conflict affected states] [poorest countries] [African countries] [Latin American and Caribbean countries] [including a percentage share allocated to vulnerable groupings] [to support countries that are ambitious on climate action] [with a sub-goal on minimum floor of finance for the least developed countries] [sets upper financial limits (caps) by geographical regions, countries or country groupings] [leaving no region behind] [no reference to recipients other than developing countries]</p> <p>[[to be <b>structured</b> by</p> <p>[quantified] [costed] [[<b>sub-goals</b>] [specified by quantitative ranges of monetary values] [as absolute values rather than shares] [as a floor of the decided quantified amount]</p> <p>[<b>thematic areas</b> which include sub-goals</p> <p>[a <b>mitigation</b> subgoal at [XX% of the goal.] [xxx USD per year]</p> <p>[an <b>adaptation</b> subgoal at [XX% of the goal] [xxx USD per year], and ensuring that a significant proportion of adaptation finance should flow through the operating entities of the Financial Mechanism, and the Adaptation Fund:]</p> <p>[a <b>loss and damage response</b> subgoal at [XX% of the goal] [xxx USD per year], and ensuring that a significant proportion of loss and damage response finance should flow through the Fund for responding to loss and damage:] [and taking into account the need to</p>

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	<p>safeguard against the overconcentration of support provided by the Fund in any given country, group of countries or region]</p> <p>[a <b>readiness</b> support subgoal at [X% of the goal] [xxx USD per year] [including for the preparation of BTRs] and [full and incremental costs of <b>transparency</b> provisions at [X% of the goal] [xxx USD per year]</p> <p>[for mitigation, adaptation, and loss and damage] [and capacity-building] [achieving a balance between mitigation and adaptation] [on improving capacities to implement climate action] [that includes a specific element on the objective of the 1.5 °C temperature goal] [for achieving net zero/1.5 °C/X GHG emissions reduced, and increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low GHG emissions development, in a manner that does not threaten food production, and making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development] [for emissions reduced and enhanced adaptation and resilience] [that is aligned with the global goal on adaptation] [covering the respective needs of developing countries that enable them to act towards the collective efforts] [focusing on reducing fossil fuel finance] [reduction in financial sources promoting emission-intensive and non-resilient development] [sectors] [geographic regions] [sources of finance] [instruments] [roles of the different actors]</p> <p>[the aforementioned thematic areas should prioritize developing country Parties that align and effectively implement, inter alia, their National Determined Contributions, Long Term Strategies, National Adaptation Plans, National Communications with 1.5°C, the Global Stocktake Outcomes, and the latest available science]</p> <p>[with arrangements for tracking <b>finance flows</b>] [quantitative [x%] and qualitative targets representing realignment of finance flows [including international, domestic, public and private] with the goals of the Paris Agreement] [and making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development] [with qualitative elements for domestic resource mobilization] [a quantified layer for [phasing down] [remove] [fossil fuel] [misaligned] subsidies [by 2035] [in USD] and [the establishment of domestic carbon pricing policies by 2035]</p> <p>for <b>[mobilizing] and [providing] and [aligning]</b></p> <p>[cumulative <b>amount</b> of] [at least] [a floor of] [USD X] [100+ billion] [441 billion] [1.1 trillion] [1.1-1.3 trillion] [1.3 trillion] [2.4 trillion] [USD X plus x% of annual inflation] [x% of GDP] [x% of GNI] [USD XXX] trillion in grant-equivalent terms]</p> <p><b>[per year] [annually]</b></p> <p>with a [core] [support] goal of [USD X] [X% of GNI/GDP] for the <b>[provision]</b> of international public climate finance] [international public sources of finance] [expressed in grant-equivalent terms calculated based on GCF methodology] [solely on grants] [particularly public and grant-based finance] [for adaptation] [and addressing loss and damage] [and [concessional] loans for mitigation [with the highest level of concessionality given to LDCs and SIDS]] [a defined quantitative subset to be defined for resources under Article 9]</p>

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	<p>of the Paris Agreement] [and a quantified goal [for bilateral public debt] [restructure of x% of sovereign bilateral debt through] for debt for climate swaps in USD] [by 2035] [solely public and grant-based resources for readiness support and transparency, [and cover the full and incremental cost for developing country Parties] in particular for LDCs and SIDS]]</p> <p>[and] [in addition] an overall goal of USD X for [international public <b>mobilization</b> support [target] [goal] [private sources mobilized through public interventions] [for mitigation] and [for adaptation] [and addressing loss and damage] to [leveraging [public] private finance] [promoting blended finance]</p> <p>[and [a global <b>investment</b> [target] [goal] [of USD [X] trillion in total investments in climate action by [xxx] [2035] in the context of strengthening efforts to increase and enable global investment flows for the achievement of Article 2 of the Paris Agreement, with the ultimate goal of aligning global investment flows with global and domestic transformations towards net zero economies, including to support achievement of ambitious nationally determined contributions, net zero targets, national adaptation plans and climate resilient development objectives, and to enable a holistic response to the investment needs of developing countries in achieving their climate goals]</p> <p>[from [a wide variety of <b>sources</b>] in accordance with Article 9, paragraph 3, of the Paris Agreement] [from [all sources] public, private, domestic, innovative and international sources of finance] [including alternative sources of finance] [a variety of <b>channels</b> and <b>instruments</b> which include [South-South cooperation] [and other areas]] [with financing instruments for various thematic areas, regional needs and capacities, including ones that create fiscal space for developing countries] and [<b>innovative sources of finance</b> such as [public-private partnerships, payment for environmental services, blended finance, guarantees, de-risking investments, green labeling, disclosure schemes, development of local green bond markets, guarantees, debt for climate swaps, and issuance/allocation of special drawing rights] [philanthropic] [carbon pricing] [high-integrity voluntary carbon markets] [targeted towards the fossil fuel sector and other high-emitting sectors in line with the polluter pays principle] [climate resilient debt clauses] [local currency lending hybrid capital]</p>
Basis for the determination of the quantum	<p><b>Setting the quantum</b> based on</p> <p>[information on the needs and priorities of developing countries through a bottom-down approach] [and a carve-out for the NCQG within those needs] [using the UNFCCC SCF Needs Determination Report, Intergovernmental Panel on Climate Change reports, relevant academic papers, and relevant papers from intergovernmental organizations [the Adaptation Gap Report 2023]]</p> <p>[outcomes to be achieved in the context of Article 2 of the Paris Agreement]</p> <p>[the breadth of contributors, including from the private sector, philanthropic organizations and others]</p> <p>[a certain percentage of the GNI or GDP of developed country Parties]</p> <p>[linked to temperature for the response types of mitigation, adaptation, loss and damage and just transitions]</p>

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	<p>[(a) Mitigation: linked to funds needed to ensure higher ambition in developing country Party actions in order for all Parties to collectively and effectively pursue efforts of limiting the temperature increase to 1.5°C, starting with the implementation of the mitigation actions outlined in their Nationally Determined Contributions;</p> <p>(b) Adaptation: linked to the cost of enhancing developing countries' capacity and ability to brace for the climate change and its adverse effects and foster climate resilience at the worst-case projected temperature scenario. This temperature scenario use should be based on the current business-as-usual level of action by all countries;</p> <p>(c) Loss and damage response: linked to the cost of addressing or responding to loss and damage associated with the adverse effects of climate change in developing countries at the worst-case projected temperature scenario. This temperature scenario use should be based on the current business-as-usual level of action by all countries. While noting the data/information gaps, the current aggregate cost of loss and damage associated with the adverse effects of climate change in developing countries should also be used as the basis for understanding a floor the quantum under this thematic area]]</p> <p>[with [clear] burden-sharing [and fair-share] arrangements]</p>
Qualitative elements	<p>The NCQG to</p> <p>[capture <b>gender-responsiveness</b> of climate finance] [significantly increase the share of gender-responsive climate finance by 2035 in both processes and outcomes of climate finance provision and mobilisation]] and the importance of fostering broader nature and sustainable development co-benefits] [further building the capacity of women who are disproportionately affected by climate change impacts] and in order to foster the [full, meaningful and equal participation and leadership of women in national- and local-level climate policy and action is vital for achieving long-term climate goals]</p> <p>[be <b>human rights-based</b> and consider the inclusion of vulnerable communities and groups in climate finance efforts including women and girls in all their diversity, gender equality, intergenerational equity], youth, children, workers, people with disabilities, migrants and refugees future generations, and indigenous peoples, as well as civil society, in recognition of their important roles in addressing and responding to climate change] [as well as in the provision and mobilization of climate finance] [with quantitative elements including targets within the goal or outputs and impacts]</p> <p>[ensure that an increased proportion of climate finance reaches <b>local communities</b>, particularly those communities most affected by the impacts of climate change, including through inclusive project and programme design processes, capacity building, and supporting direct access to finance at subnational and local levels]</p>

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	<p>[take into account the needs of <b>indigenous People</b> who are often at the frontlines of climate change and encourage making use of indigenous knowledge in addressing and responding to climate change impacts, and encourages support for the ethical and equitable engagement and use of the knowledge of Indigenous Peoples in the design and delivery of climate finance]</p> <p>[ensure that <b>synergies between finance for climate, biodiversity, SDGs and pollution</b> are enhanced and fostered] [Nature positive finance, through qualitative reference or quantitative targets (e.g. % share or dollar values of finance)] [Co-benefits, nature and climate resilient development, importance of nature-based solutions] [and encourages all climate finance providers to increase funding for nature-based solutions and foster integrated approaches to maximize the achievement of multiple environmental and social co-benefits][crucial synergies and interdependencies between finance for climate, biodiversity, land degradation and the sustainable development goals and resolves to enhance and foster such synergies with a view to gain co-benefits]</p> <p>[enable developing country Parties to equitably participate in the development, deployment and dissemination of <b>technologies</b> and enable technology transfer from developed countries to developing countries] [a goal with an element on improving <b>capacities</b> to implement climate action] [financing for technology transfer, actions for endogenous technology, capacity-building, and action for climate empowerment should also be considered] [Acknowledge that to fully encompass the vast elements suggested including in relation to strengthening enabling environments, and in practical terms in implementing mitigation and adaptation action, capacity-building and technology transfer plays a key role]</p> <p>[Parties and other relevant actors] [developed country parties] [help] [take into account] [continue to enhance] [support] developing countries overcome [<b>financing barriers</b>] [<b>disenablers</b>] related to [high capital costs to cover the expenses of climate change impacts] [high transaction cost for access] [capacity constraints] [and indiscriminate assumptions of corruption]] [in particular LDCs and SIDS] by [enhancing quality through interest rates, minimum mandatory grace periods for repayments, preferential maturity date, force majeure and natural disaster clauses that look at climate events, how to make concessional lending fair and standardized to avoid inequities] [local currency lending] [and revert perverse incentives that penalize ambition] [ensuring no additional conditionalities are imposed in the provision and/or mobilization of climate finance] [G20 Parties, Paris Club Parties, other Parties to include [all LDCs and SIDS] [more developing country Parties] in Common Framework for Debt Treatments Beyond the Debt Services Suspension Initiative and to expand debt suspension to also include debt relief, debt forgiveness and debt servicing assistance and noting the need for practical step-by-step information, including indicative timelines, on debt restructuring under the Common Framework]] [to cease unilateral measures] [climate finance coordination efforts, including through the use of, inter alia, country platforms, as appropriate] [address non-appropriate budgetary procedures and policy actions by developed countries such as distortionary subsidies leading to diversion of global financial flows away from developing countries by:</p> <ul style="list-style-type: none"> <li>a) moving from annual budgets to multiyear budgets and long-term programming of climate finance,</li> <li>b) streamlining approval process for climate change support budget and</li> </ul>

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	<p>c) prioritizing climate change support as a separate budget category with special procedures]  [Adopt and implement sustainable finance policies and measures, as appropriate, with the aim of reducing barriers to investment in climate outcomes and to improve the ability of financial markets to support climate outcomes]</p> <p>[[call on] <b>[other stakeholders</b> and international fora: governments, MDBs and other IFIs, domestic and international regulators and supervisors, public and private financial institutions, private credit insurers, insurance and reinsurance companies, rating agencies, central banks, Basel Committee on Banking Supervision, the International Organization of Securities Commissions, the International Association of Insurance Supervisors and others] [non banking financial institutions and pension funds] to create and strengthen the enabling conditions to support an upscaling of flows for climate action and addressing those flows running counter to climate objectives] [financial system fit for purpose, fully addressing physical and transition risks for financial institutions and investors, and call for a review of prudential frameworks and standards with a view to taking full account of the implications of climate-related financial risks for financial stability] [integrate climate risk in their standards and guidance on supervisory practices] [Improving reporting of climate-related financial risks, including by expanding the coverage of mandatory climate-related financial disclosure requirements and encourage the adoption of internationally aligned and standardised, mandatory climate-related financial disclosure requirements for large businesses and financial institutions, and comparable public sector entities] [in order to develop financial disclosure policies to ensure the disclosure of the climate risks and impacts of at least 70% of all publicly listed assets under management by 2035]] [improve the necessary transparency by introducing disclosure regulations for corporates based on the global baseline of the International Sustainability Standard Board]</p> <p>[to align their operations, financing, guarantees, insurance and reinsurance of export transactions, underwriting and investment strategies and practices with the Paris Agreement objectives (do no harm) and contribute/increase their contribution to climate finance both in highly concessional forms of finance, by significantly increasing the mobilization of private finance and by better coordinating their efforts, including in recipient/client countries] [shareholders of the MDBs to continue to advance efforts to promote an evolution agenda for better, bigger, and more effective MDBs to address global challenges and maximize impact in developing countries] [further stress the role and responsibility of the fossil fuel industry to support developing countries in transitioning away from fossil fuels in energy systems] [call on credit rating agencies and domestic and international regulators to ensure that the credit rating system fully integrates climate risks and transition risks, including notably also long-term time horizons and enables the implementation of these access and concessionality measures] [to continue to scale-up private sector investments in mitigation and adaptation action across all geographic regions and sectors, in particular in developing countries]</p> <p>[Call on credit rating agencies to clearly and proactively communicate to debtor nations their Common Framework treatment policies][improve risk assessment methodologies so that exposure to climate risks and natural disasters does not impact downgrade sovereign credit ratings while valuing the positive impact of ambitious climate change policies and long-term investments in climate action and resilience on a country's projections] [to ensure that credit rating integrates material climate risks and transition risks, including risks associated with long-term time horizons]</p> <p>[MDBs, IFIs to draw from the Sharm Implementation agenda that speaks to multilateral development bank practices and priorities, align and</p>

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	<p>scale up funding, ensure simplified access, deploying a full suite of instruments, from grants to guarantees and non-debt instruments, taking into account debt burdens, and to address risk appetite, with a view to substantially increasing climate finance] [SIDS representation and participation to be assured in decision-making in global economic and international financial institutions and forums] [developed countries Parties and other creditors to enhance local currency lending in developing country Parties for climate finance] [urge MDBs and IFIs to take into account the NCQG decision as part of the reform of the international financial architecture]</p> <p>[SCF to prepare report for the CMA's consideration on progress towards achieving the aforementioned actions related to the reform of the international financial architecture]</p> <p>[Support the continued implementation of the <b>G20 CAF Review's recommendations</b>, including on hybrid capital, callable capital and portfolio guarantees] [collectively mobilize more headroom and concessional finance to boost the World Bank's capacity to support low and middle-income countries that need help in addressing global challenges, with a clear framework for the allocation of limited concessional resources, with focused support for the poorest countries] [and affirm the <b>G20 sustainable finance working group</b> recommendations for scaling up blended finance and risk-sharing facilities, and its wider work in implementing the G20 Sustainable Finance Roadmap]</p> <p>[[call] on [Parties] [operating entities of the financial mechanism, multilateral development banks and other finance providers] [all actors] to enhance the <b>effectiveness</b>, efficiency, results, impacts and transparency of resource provision [mobilization] and use [for climate action in developing countries] [and to reward ambition, in particular for developing country Parties that set ambitious climate policies]] [stresses the importance of enhancing the measurement and reporting of the results and impacts of climate finance provided, mobilized, needed and received, in line with long-term goals of the Paris Agreement outlined in Article 2 [and agreed outcomes such as under the GST and the GGA and how the goal supports the implementation towards the outcome goal]] [by including information on outcomes, linked to the context, including how climate finance provided relates to outcomes of NDCs and NAPs and actions undertaken and other national needs i.e. just transitions and plans with adequate finance and its contribution to Article 2, paragraph 1(a-b) [and c], sustainable development and poverty eradication] [develop sound framework conditions- including enabling policies for impact investing - to increase the share of outcome-based climate finance in developing country Parties] [such as sustainable finance taxonomies, which help to improve transparency and reduce the risk of greenwashing] [undertake comprehensive efforts to evolve their vision, incentive structures, operational approaches and financial capacities so that they are better equipped to maximize their impact in addressing a wide range of global challenges, including climate change] [enhance global cooperation to maximise international interoperability of sustainable finance frameworks, including to enhance their global impact and effectiveness, and to reduce cross-border barriers to sustainable finance flows]</p> <p>[Encourage] [call on] [urges] [[developed] [developing] Parties] to mainstream [climate action] [needs and priorities] into <b>macro-economic and fiscal policy, budgeting and procurement processes</b>, and to develop climate specific finance strategies and investment plans, including by developing fiscal incentives and economic policy levers, including carbon pricing, to tackle market failures and other barriers to investment and by future-proofing public finance by redesigning the tax system for net zero and climate resilience [to adopt a long-term</p>

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	<p>perspective in the budget planning and to integrate climate considerations into their national development agendas]</p> <p>[[reflection] [integration] [of Article 2 of the Paris Agreement] [as a qualitative element] [as part of the NCQG]] [of the NCQG as part of the broader picture of <b>Article 2, paragraph 1(c)</b>] [as complementary to, and no substitute for, Article 9 of the Paris Agreement]] [No integration of Article 2, paragraph 1(c)] by enhancing Parties efforts to significantly increase domestic resource mobilization and improve enabling environments for ambitious climate action; and calling upon Parties to phase-out inefficient fossil fuel <b>subsidies</b> [public financing of the fossil fuel sector] that do not address energy poverty or just transitions as soon as possible, in line with decision 1/CMA.5, paragraph 28(h). [by 2035] and acknowledging that limited consistency of investment activity with the Paris Agreement will result in significant carbon lock-ins, stranded assets, and other additional costs and urges Parties to scale up financial flows for climate action while scaling down financial flows running counter to or creating barriers for mitigation and adaptation action</p>
<b>Access</b>	<p>[Urges Parties and [climate finance providers] [other relevant actors] [multilateral development banks, central banks, commercial banks, insurances, rating agencies, institutional investors and other financial actors] to continue to promote efforts to enhance access to climate finance] [identify and to effectively <b>address systemic access barriers</b> for [[developing country Parties], [in particular LDCs and SIDS] [particularly vulnerable and capacity-constrained developing country recipients, including LDCs, SIDS and fragile and conflict-affected states, as well as by Indigenous Peoples and other people and communities that are on the frontlines of climate change within their respective countries]] [such as transition costs, fragmentation of the climate finance landscape, lack of harmonized policies and standards, shortage of foreign exchange risk insurance and local currency lending mechanisms, capacity constraints and the underlying reasons for the high cost of capital] [reduce fragmentation in the climate finance system]</p> <p>[Urges further support for <b>capacity building</b> in developing countries, particularly SIDS and LDCs, to access, manage, and utilise climate finance, including, as appropriate, through capacity for proposal development, financial modelling, tracking and monitoring of climate finance received, and project management, and improved access to climate-related data and information]</p> <p>[Centrality of efficient and effective <b>access</b> for developing countries] [minimum access enhancements shall be:</p> <ol style="list-style-type: none"> <li>simplification and harmonization of approval procedures through standardization and prioritisation of direct access modality for all channels/national and regional institutions;</li> <li>accreditation of national agencies allowing readiness resources for project preparation;</li> <li>increasing resources for project implementation (i.e. implementation of NAPs),</li> <li>improving the articulation of the needs to the fiduciary standards as well as the speed and cost for accessing the funds reduce co-finance conditionalities, high cost of capital, high transaction costs and establish adequate information requirements related to climate rationale;</li> <li>enhanced direct access support, including for local non-governmental and, community-based organizations and groups; and,</li> </ol>

Element of the NCQG	Simplified negotiation options
	<p>f. annual report on access enhancements per climate finance transaction; and, facilitate access for diverse stakeholders, including subnational actors, local communities, indigenous peoples and women</p> <p>g. Lowering co financing requirements be a disaggregated element under each thematic area;</p> <p>h. Outline any potential breakdown for access by channel, for example that a majority of funding for adaptation annually would flow through the Green Climate Fund and Adaptation Fund, and all SIDS would be prioritized for bilateral climate finance access;</p> <p>i. Establish minimum floors for certain types of recipients (such as least developed countries, small island developing States, and local non-governmental organizations);</p> <p>j. Require all climate finance support providers to collectively adopt a simplified and harmonized procedure for efficient and simplified access to climate finance, in particular for SIDS. This would include, inter alia, shorter time frames for feedback on submitted concepts and proposals, simplified reporting processes, and flexibility to ensure specific national circumstances can be considered on a case by case basis]</p> <p>k. prioritising scaling up existing projects and programmes over creating new ones, where appropriate, and coordinating to harmonise reporting requirements</p> <p>l. delegating approval of smaller funding amounts</p> <p>m. making greater use of programmatic approaches,</p> <p>n. strengthening regional presence and ensuring regional expertise within secretariats,</p> <p>o. reforming accreditation processes where applicable]</p> <p>p. facilitating access to technology, in particular for early stages of the technology cycle, to developing countries.</p> <p>[in particular LDCs and SIDS with minimum allocation floors, in particular for adaptation, and loss and damage response] [Implementation of country platforms with climate finance that is new and additional, and in accordance with country ownership and leaving no one behind]</p> <p>through different <b>channels</b>, including</p> <p><b>[Bilateral]</b> climate finance providers urged to apply the access enhancements in line with the NCQG decision] [to reduce the complexity and detail requirements of proposals to ensure they are fit for purpose and context] [support locally led approaches] and [calling on all bilateral creditors to improve debt transparency and to support reforms which help the most vulnerable countries to sustainably manage public debt levels]</p> <p><b>[Multilateral]</b> development banks and international financial institutions: Shareholders and other decision making authorities of MDBs and other IFIs: to be urged to [make operational models, channels and instruments fit for purpose for the global climate emergency including through deployment of diversified instruments, taking into account debt burdens, addressing the need to have higher risk appetite for financing climate action without influence on future investment in recipient country; channel climate finance through their climate funds;</p>

Element of the NCQG	Simplified negotiation options
	<p>commit to contribute to scaling ambition and finance; increase scale, effectiveness, simplification of access; report on the progress on these reforms annually for inclusion in the Secretariat's annual report]</p> <p><b>[Financial Mechanism's operating entities</b> and other multilateral climate funds: The GEF, GCF and other multilateral climate funds (i.e. AF and CIFs) to: [include L&amp;D Fund in the complementarity exercise that is underway ensure all developing country Parties are eligible to access CIFs; adopt a 'single access' approach with mutual recognition of direct access entities or agencies across the AF, GEF, GCF; create a Climate Funds Group to further coordination and reporting on complementarity and coherence efforts] [enhance coherence and complementarity with other relevant bilateral, regional and global funding mechanisms and institutions to improve access to climate finance and lower transaction costs for recipients, including through the development and implementation of the Multilateral Climate Funds' Action Plan on Complementarity and Coherence] [simplify access to climate finance and increase speed of programming, including through the harmonization of policies, processes, and investment profiles, where feasible]</p> <p>[Further emphasizes the need for ongoing, long-term collaboration between climate finance delivery channels to reduce fragmentation and develop a climate finance architecture that operates as a coherent system]</p>
<b>Levels of concessionality</b>	<p>The NCQG to</p> <p>[take fiscal space and debt sustainability into consideration in the provision and mobilization of climate finance, as appropriate] [recognizing the increasing debt burden and challenges of an increasing number of developing country Parties]</p> <p>[recognise the role of climate resilient debt clauses can play in making sovereign debt burdens more climate resilient by freeing up fiscal resources to respond to the impacts of climate change, and call on parties, in particular bilateral creditors, to introduce climate resilient debt clauses into their lending arrangements]</p> <p>[address <b>concessionality</b> to recognize debt sustainability, back-flows and reflows in the context of climate finance and how this can be discounted] [guarantee that any concessional loans utilized as part of the delivery of the goal do not contribute to increased indebtedness in developing countries] [support shall not include non-concessional loans, loans at market rates that are set better terms for elements other than interest rates, export credits, investments and any other instruments that will result in a net-economic negative outcome for recipients] [particularly encourage all bilateral sovereign creditors to consider the instrument of debt-for-climate swaps as a complement to other debt treatment instruments]</p> <p>[concessionality to vary depending on the response type: (a) Mitigation: quality ratio which outlines its grant, and its concessional component [SIDS and LDCs under will afford the highest possible</p>

Element of the NCQG	Simplified negotiation options
	<p>grant component of their quality ratio;            (b) Adaptation: public and grant-based and would not need a ratio, and            (c) loss and damage response: public and grant-based and would not need a ratio]</p> <p>[the determination of concessionality level of transactions to take into account the existing levels of debt servicing capacity of developing countries [in particular for LDCs and SIDS] [by using the following parameters for the minimum level for concessional financial terms and conditions that are well below prevailing market terms and conditions:</p> <ol style="list-style-type: none"> <li>1% or below for interest rate with the aforementioned interest rate being fixed,</li> <li>5 years or above for grace periods with the aforementioned grace period from the time of first drawdown,</li> <li>20 years or above for maturity periods,</li> <li>1.5% or below for any service, administrative or commitment charge or fee</li> <li>mandatory inclusion of climate resilience debt clauses on debt reduction in the financial agreement based on a no-objection approval by the developing country Party concerned]].</li> </ol>
<p><b>Transparency Arrangements and Reviewing Modalities</b></p>	<p>Tracking and reviewing progress towards the NCQG will be made</p> <p>[[collectively] [primarily] by [all Parties] [developed country Parties] [and other Parties which are expected to contribute to the goal] through the Enhanced <b>Transparency</b> Framework (ETF) [without changes] [in the context of their biennial transparency reports] [and intermediate updates on financial, technology development and transfer and capacity building support provided and mobilised (in the years that a biennial transparency report is not due)] [to define the methods and assumptions related to their accounting and reporting on finance provided and mobilised, including as it relates to the scope of financial data that is climate relevant, points of measurement, attribution of climate specific shares, form, composition and compilation and aggregation methods] [with an update to the Modalities, Procedures, and Guidelines of the ETF to be reviewed in 2028 to be adjusted to the NCQG] [specific to the NCQG to be set by the SBSTA starting in 2025]]</p> <p>on the basis of [annual] [biennial] [until 2037] [periodic] reporting on the achievement of the NCQG</p> <p>[plus additional <b>transparency arrangements and adjustments</b> to the ETF to address:</p> <p>(a) climate finance definition with additional guidance to clarify what is counted as climate finance [any transaction provided or mobilised to support developing country Parties deliver their climate action priorities and needs as a part of their effective implementation of the Paris Agreement, including supporting country-driven strategies and other policy instruments, such as biennial transparency reports, national determined contributions, national adaptation plans, long-term low greenhouse gas emission development strategies, adaptation communications] and what is not [[any finance classified as ODA and other official flows as well as finance committed under other international regimes] [any finance that contributes to the expansion and continuation of the production of fossil fuels] [any market rate loan as it constitutes reflows or backflows] [issuance of export-credits] [export credits, investments and any other instruments that will result in a net-economic negative outcome for recipients]];</p>

Element of the NCQG	Simplified negotiation options
	<p>(b) adequate consideration of loss and damage as part of type of support;</p> <p>(c) enhance the accounting of climate finance mobilised by developed countries with the private sector;</p> <p>(d) additional types of instruments;</p> <p>(e) how finance is accessed [including time for recipient to access climate finance from inception to approval, approval to first disbursement, first disbursement to final disbursement; transactional costs for access; geographical distribution of recipients that have accessed climate finance, disaggregated according to regional groups and LDCs and SIDS; distribution of instruments, disaggregated according to regional groups and LDCs and SIDS] [and how all developing countries benefit from the NCQG];</p> <p>(f) burden sharing arrangements among climate finance contributors;</p> <p>(g) grant equivalency to be calculated based on GCF methodology</p> <p>(h) harmonized methodologies in line with the NCQG decision [by end of December 2025]</p> <p>(i) contribution of private climate finance and how they have been accounted for must be part of the transparency reports including very granular information on how and at what levels it has been leveraged, mobilized and delivered]]</p> <p>[and use of forward looking Biennial Communications presented under <b>Article 9.5</b> of the Paris Agreement, as an ex-ante report to provide predictability and accountability to the climate finance flows to be provided to developing countries in the implementation of their NDCs, NAPs, LTS, and other planning strategies] [to communicate biennially on their <b>indicative quantitative and qualitative</b> information, as applicable, including, as available, projected levels of public financial resources to be provided to developing country parties]]</p> <p>[with] the <b>[Standing Committee on Finance]</b> [as part of the Biennial Assessment and Overview of Climate Finance Flows] [a dedicated mechanism or entity] [to track and report] [to assess the collective progress made toward the achievement of all elements of the NCQG for the consideration of the CMA, drawing on all relevant sources of information]] through [a [stand-alone] [regular] [in 2029] progress report taking into account information provided by developed country Parties in their Biennial Transparency Reports submitted in 2028 and other relevant aggregation reports developed] [aggregate reporting [using data generated under the UNFCCC process (entities of the Financial Mechanism)] [and GST outcomes] to enhance delivery of the goal] [within [existing reports] [the Biennial Assessment and Overview of Climate Finance Flows, including financial data in the BTR reports, assessing the adequacy of financial support provided and mobilized by developed countries to developing countries, providing recommendations and on its periodic update] and</p> <p>[encourages the Standing Committee of Finance to provide recommendations in their biennial tracking, for consideration by the CMA, on possible ways to improve methods and approaches for collective tracking, as well as to identify where further information would be constructive in capturing progress towards elements of the actions and commitments in this decision]</p> <p>[Contributors to determine the compilation of information into a report (similar to OECD reports) [and <b>other tracking and reporting systems</b> relevant to the NCQG (IPCC, MDB's, the OECD)]]</p>

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	<p>[Annual progress reports to be prepared by the <b>Secretariat</b> on achievement of the goal based on BTRs, intermediate reports, and reports on access enhancements, published no later than four weeks prior to each CMA]</p> <p>[Requests the <b>SBSTA</b> to develop the transparency arrangements for decision by the CMA at its 8th session to facilitate a collective tracking progress in accordance with paragraph 23-25 above, building on but not limited to the Enhanced Transparency Framework and the Biennial ex-ante Finance Communications as well as the experience of tracking progress towards the 100 billion USD goal]</p>
Options for party-driven periodic revision and adjustment	<p>[A Party-driven</p> <p>[annual] [biennial] [3 years] [5 years] [7 years] [10 years] [more than 10 years] [after 10 years] [in 2029] [in 2030 and completed in 2031] [in 2034 and completed in 2035]</p> <p>[periodic revision] [review cycles]</p> <p>[to align with net zero targets by 2050] [in line with [inter alia] (a) ETF; (b) NDC cycles; (c) GST cycles; (d) NDR cycles] [with guidelines for review and adjustment processes] [focusing on the following elements: a. Updating the Quantum; b. Updating burden-sharing arrangements outlined in paragraph 11 of this decision]</p>
Relationship with the Convention	<p>[COP invitation for affirmation: COP to be invited to affirm the goal and to provide oversight under Long-Term Finance agenda item]</p>

Source: Authors' own elaboration.