

A new goal for climate finance

The New Collective Quantified Goal (NCQG) on climate finance

Christian Aid - April 2024

The climate finance system is broken

We know about the urgent need for climate action. Yet questions of who should foot the bill, much they should contribute, and in what form, remain some of the most contentious issues in the UN climate negotiations. At the heart of the debate lies a fundamental injustice. Whilst the poorest nations bear the brunt of climate impacts, wealthier countries, which are primarily responsible for the climate crisis, are failing to pay their fair share in climate finance and cut down their emissions at the scale required to keep the world on a 1.5C pathway.

Delivering climate finance is crucial to supporting countries on the frontline of climate change, to enable them to move towards low carbon futures, adapt to climate impacts and address loss and damage. Yet promises have been broken. The pledge made by developed nations to provide \$100 billion of climate finance annually by 2020 remains unfulfilled.

Whilst COP28 delivered, for the first time, a call on countries to transition away from fossil fuels, the major elephant in the room remains the lack of finance pledges to support such a transition. Most of the meagre pledges for climate finance come in the form of loans, which saddle countries in unsustainable levels of debt, further inhibiting climate action.

- 25% of public climate finance is provided as grants. The remainder is mostly loans.
- 33% of public climate finance was for adaptation, while 59% was for mitigation.
- 10 low-income countries were already in debt distress and 26 were at high risk of debt distress in August 2023.

Sources: [OXFAM & ActionAid 2023](#)

To fix climate finance, we need a new, more ambitious and clearly defined goal

2024 is a critical year for climate finance. One of the key areas of focus for negotiations in COP29 will be setting a new and more ambitious climate finance target. This new goal is known as New Collective Quantified Goal (NCQG). During this year, in the lead up COP29, there will be a series of technical dialogues on which will begin to define aspects of the NCQG, including the quantity and quality of finance, and issues like accessibility, Accountability and sources of funding. This aims to conclude at COP29. Where climate finance is at the heart of all aspects of climate action, having a clearly defined and accountable target will be essential to have any hope of meeting the Paris Agreement goals.

A new climate finance goal must be: **Ambitious:** massively scaled up public finance based on needs is essential to deliver climate justice; **Balanced:** with sub goals for different areas of climate action (including mitigation, adaptation and loss and damage); **Accountable:** with transparent and clear mechanisms to count climate finance and means of implementation; **Needs-based:** the needs of developing countries must be the basis of the quantum amount of climate finance; **Publicly-funded:** based on new and additional, public grant-based finance, not loans; **Adaptable:** the goal must be continuously updated in response to increasing needs in a rapidly changing climate; **Fair:** with historic polluters as the main contributors for climate finance; and **Accessible:** finance should be accessible to least developed, most vulnerable countries.