

## **Annex A: Second Reflections paper from the COP 25 Presidency and the Incoming COP 26 Presidency on Their Informal Bilateral Consultations on the Topic of the New Collective Quantified Finance Goal**

### **Introduction**

1. Following the publication of our informal reflections paper the new collective quantified goal (henceforth ‘the goal’) on 9 September 2021<sup>1</sup>, the Presidencies undertook further informal bilateral consultations with Parties to hear reactions, to further test views on the proposals made by Parties, and to further understand expectations around the forward approach to be agreed in Glasgow. Furthermore, at the Pre-COP meeting in Milan on 30 September – 2 October 2021, a representative group of attending Ministers and high-level representatives exchanged views on climate finance, including issues related to the goal.
2. Five groups of Parties responded to our open invitation for further informal consultations. In these consultations, Parties responded based on the following discussion questions, intended to build on the summary of our previous informal note:
  - a. How should the approach to deliberations agreed in Glasgow specifically take into account the factors listed in previous decisions on the goal, namely those set out in Decision 14/CMA.1?
  - b. What are your reactions to the proposed approaches for setting the goal outlined in this paper, in particular the shape of and relationship between technical and political work? Which suggestions do you think would lead to a new goal suitable for delivering on the Paris Agreement?
  - c. What are your views on the appropriate mode of working in Glasgow, including but not limited to a CMA agenda item?
3. This paper provides further reflections, under our authority, of views expressed by Parties and ministers in these consultations and during Pre-COP. The paper should be read as a non-exhaustive summary of discussions, created with the intent to provide balance and highlight our understanding of the key elements on which we feel Parties will need to decide on in Glasgow in order to agree a clear approach on the new goal. This is without prejudice to discussions at CMA 3 itself, and it is of course for Parties to decide on the way forward on this matter and which elements should be reflected in decision texts.
4. This paper builds on our first reflections note on this matter, and in order to avoid duplication we refer to appropriate paragraphs of the previous note where substantive content remains unchanged. As with all work under our work plan, this is an informal product with no formal status, but we hope that it will be a useful point of reference to Parties when they begin their formal discussions in Glasgow.
5. Given the challenging task of agreeing an approach for setting the goal under a packed COP 26 finance agenda, and with Parties having not yet had the opportunity to exchange views on the goal within the formal UNFCCC process, we have been encouraged by the constructive approach taken by Parties to date. In particular, we note a number of points of convergence amongst Parties which represent a strong starting point for agreeing a way forward in Glasgow. We have heard universally from Parties that they see discussions on the new goal as an opportunity to ensure that the mobilisation of climate finance reaches the scale and effectiveness needed to deliver on the ambitious goals of the Paris Agreement.

### **Key elements for discussion at CMA 3**

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<sup>1</sup>Our first reflections paper on the informal bilateral consultations on the topic of the new collective quantified finance goal is at this link: <https://unfccc.int/process-and-meetings/bodies/supreme-bodies/conference-of-the-parties-cop/presidency-consultations-and-other-presidency-meetings/informal-consultations-by-the-cop-25-presidency-and-the-cop-26-incoming-presidency#eq-25>

6. We will need to use our time in Glasgow efficiently and constructively to reach a satisfactory outcome on the forward approach for setting the goal. To support this, we have outlined below some of the key elements we have heard from Parties as components of a possible outcome on this matter.
7. **Relevance of decisions to date.** Throughout our engagement, there has been broad support from Parties for the elements outlined in decisions 1/CP.21, paragraph 53 and 14/CMA.1 providing a good basis for deliberations on the goal. These elements are outlined in paragraph 5 of our previous reflections note. Parties have expressed a range of views concerning how these elements should be considered in setting the goal – for instance, through targeted workshops to consider how the new goal could reflect on specific elements of these decisions. A number of Parties have noted that, whilst these decisions represent a good starting point, there are a number of further decisions that have relevance for setting the goal, with clauses under Article 4 of the Convention and Articles 2 and 9 of the Paris Agreement, in particular, being cited.
8. **Organisation of work.** We have heard a range of options concerning the possible organisation of work to inform the setting of the goal, with Parties highlighting the importance of the approach showing inclusiveness and transparency, as well as being efficient in making progress towards the setting of the goal. Proposals made by Parties include, *inter alia*:
  - i. Regular discussions under the CMA, the supreme body for setting the goal, with many Parties suggesting a standing agenda item each year until the goal is agreed. A number of Parties have also raised the possibility of the CMA hosting regular ministerial discussions to provide political guidance on the goal;
  - ii. The use of intersessional workshops or roundtables, to be followed by summary reports (for instance, produced by the UNFCCC secretariat) which would inform deliberations under the CMA;
  - iii. Technical work to be undertaken through the subsidiary bodies, which would report back to the CMA in order to receive further guidance or decisions;
  - iv. We also heard one suggestion for the creation of an *ad hoc* group, separate to the subsidiary bodies, to undertake technical work and report back to the CMA;
  - v. A possible role for the Standing Committee on Finance (SCF), whether through its existing workplan or through additional activities. We did, however, hear from a range of Parties that this could further strain the SCF's already high workload;
  - vi. The establishment of a new committee, to be comprised of a representative group of experts in matters related to climate finance from developed and developing countries, to undertake work and report back to the CMA. We have heard multiple variants of this proposal, one of which was likened to the Transitional Committee set up to establish the Green Climate Fund and another of which was explained at Pre-COP as a new technical committee under the auspices of the UNFCCC. A third similar proposal was for a representative working group to be taken forward by the current and incoming COP Presidencies. Some Parties have noted the possible utility of such a committee in enabling the advancement of work, whilst others have noted the challenges it could pose to inclusivity and transparency, as well as the time taken to negotiate membership.
  - vii. The possible use of co-facilitators – for instance ministerial – to undertake intersessional work. These co-facilitators could either rotate each year or be appointed for the duration of deliberations.
9. **Political and technical.** We continue to hear from many Parties that both political and technical work will be needed on the goal, with a range of views on the possible sequencing of these aspects. Many Parties have stressed the importance of technical work on the goal proceeding independently and without political interference, whilst acknowledging the importance of political guidance to negotiators and the inevitability of high-level decision making on substantive aspects of the goal. A number of approaches for providing this guidance have been proposed, including regular CMA discussions on the goal to guide intersessional activities; and high-level ministerial dialogues or roundtables on the goal.
10. **Inputs.** We have not heard additional suggested inputs from Parties beyond those covered in our first reflections note, with the exception of any reports produced through any committee or workshops organised in line with the proposals detailed in paragraph 7 of this note.

11. **Timing.** A number of Parties noted the condensed window of time – due to the postponement of COP 26 - for setting the goal prior to 2025. Parties therefore emphasised the importance of making good progress at the upcoming CMA session. All Parties were in agreement that the goal must be set prior to 2025, with many noting that decisions at CMA 3 should set out a clear work plan through to the setting of the goal. One group of Parties again noted that the goal should be set by 2023 in order to inform the next round of NDCs.
12. **Milestones.** A number of Parties raised the possible use of milestones to ensure deliberations proceeded in a linear fashion, and that real progress was made each year. A number of Parties also noted that it was unlikely that certain decisions on substantive aspects of the goal could be taken in isolation, and that a single decision would be needed for setting the goal rather than a series of staggered decisions. We encourage Parties to consider how an approach for setting the goal could show progress without formal substantive decisions being taken prior to the goal being formally set, and to engage with each other to find a possible solution.
13. **Substantive aspects of the goal.** Whilst there was broad agreement that the substance of the goal would not be decided on in Glasgow, we have continued to hear substantive aspects that certain Parties feel should be reflected in the goal, and which may also be considered through deliberations. Notably, a number of Parties have highlighted the importance of the goal considering how it could fulfil the aim of the Paris Agreement to strive for balance between mitigation and adaptation in the provision of scaled up financial support for developing countries. A number of other Parties reiterated that the goal should be set in accordance with Article 9.3 of the Paris Agreement, including that it should show progression beyond previous efforts and that it should reflect that mobilisation of climate finance is a global effort led by developed countries.
14. A range of other matters of substance, some of which are incorporated into decision 14/CMA.1 (such as the consideration of the needs and priorities of developing countries, and the relevance of Article 2.1c of the Paris Agreement), have also been noted. In addition to those explicitly incorporated into 14/CMA.1, a number of other topics have been raised by Parties, each of which is captured in paragraph 25 of our first reflections note. A number of Parties have raised with us concerns that there are likely to be a broad range of views on substantive aspects of the goal, and no consensus on the need, mandate, or possibility of resolving them at this session. Whilst we look forward to Parties engaging constructively on all proposals, where agreement cannot be reached on matters of substance we encourage Parties to find a procedural way forward which does not prejudge substantive outcomes in order that we are able to successfully decide on a forward approach at CMA 3.
15. **Relevance of the USD 100bn per year goal.** A number of Parties have raised the importance of learning lessons from the USD 100bn goal, particularly in the context of wide acknowledgement that the goal was unlikely to have been met in 2020. Most Parties have not specified that this lessons learned exercise should be explicitly undertaken as part of the approach for setting the new goal, and it is possible that if such an exercise were undertaken it could be either through or in parallel with the deliberations. Many Parties have also noted the importance of the USD 100bn goal being met urgently and through to 2025 in creating the conditions of trust necessary for successful deliberations on the new goal.

### **Next Steps**

16. We look forward to Parties coming together in Glasgow to initiate deliberations on the goal and to agree a forward approach leading to a goal which reflects the ambition and effectiveness needed to deliver on Paris. We encourage Parties to make use of this paper in considering the possible elements of the decision outlining this approach, noting again that this note has no formal status.
17. At Pre-COP, the COP President Designate noted his intention to set out a summary of views on finance issues, including the initiation of deliberations on the new post-2025 goal, in a reflection note before COP, and to convene high-level discussions on the new finance goal early at COP. These discussions

will help frame political expectations for the outcome, but should still allow sufficient time for technical deliberations. Our intention, in line with the Provisional Agenda, is therefore for a dedicated CMA agenda to undertake the initiation of deliberations. We will undertake consultations in the pre-sessional week to confirm this approach, with the possible supplementary role of Presidency or Ministerial consultations also being considered, in particular if needed in the second week of negotiations if required.

18. A copy of this note will be provided to the co-facilitators of the agenda item dealing with initiation of deliberations at CMA 3, in order to inform their engagement with Parties and to expedite the progress needed to reach a satisfactory conclusion. We will work to ensure that there is sufficient time for Parties to have the opportunity to undertake technical work early in proceedings, and hope that Parties use this time to move towards agreement on a way forward. We urge Parties to engage in these discussions constructively, and to work flexibly and collaboratively to allow rapid progress of technical work to inform this important decision.