203 Blackfriars Road
London SE1 8NJ
UK

Non-Party Stakeholder submission to the second Technical Dialogue of the Global Stocktake

The scope of finance in the GST Technical Dialogues

A comparison with the Technical Expert Dialogues of the New Collective Quantified Goal

Watson, Charlene

6th August 2022

1. The scope of the finance theme of the GST Technical Dialogues

Article 14 of the Paris Agreement outlines an obligation for countries to assess collective progress toward the purpose and long-term goals of the Paris Agreement every five years. The first Global Stocktake (GST) will run from 2021 to 2023 in three phases, and will consider mitigation, adaptation and Means of Implementation and Support (MoIS). While MoIS encompasses finance, capacity building and technology transfer, this submission refers only to the finance component.

Decision 19/CMA.1, para 36(d), agreed in Katowice in 2018 was clear that finance discussions of the GST will assess progress toward the financial commitments made by developed countries to support developing countries to both mitigate and adapt to climate change. It was also clear that the finance discussions of the GST must also go beyond this to consider the third long-term goal of the Paris Agreement: to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.[1]

Decision 19/CMA.1 also resolved to engage in a Technical Dialogue (TD) including Party and non-Party stakeholders. Elements of the finance theme of the GST have emerged as illustrated by **Figure 1**. These are reflected in the submissions received to shape the first TD in Bonn, June 2022, as outlined in the Information Note,[2] in the Synthesis note of the Secretariat[3] and the discussions themselves.

The intention of the GST is to increase climate ambition, shaping the next round of NDCs. The guiding questions from the co-chairs have reflected this need **to establish state of play, directionality of change and to a lesser degree benchmarks of progress**, and the content and structure of the TDs will need to reflect this too.

[1] Watson, C, Roberts, L. (2019). Understanding finance in the Global Stocktake. ODI. Part of the iGST Designing a Robust Stocktake Discussion Series, link.
[2] Information note on the first meeting of the technical dialogue of the first global stocktake under the Paris Agreement. Note by the co-facilitators. UNFCCC (2022), link.
[3] Secretariat GST synthesis report: Synthesis report for the technical assessment component of the first global stocktake: Synthesis report on finance flows, including the information referred to in Article 2, paragraph 1(c), and means of implementation and support and mobilization and provision of support, including the information referred to in Article 9, paragraphs 4 and 6, Article 10, paragraph 6, Article 11, paragraph 3, and Article 13, in particular paragraphs 9 and 10, of the Paris Agreement. UNFCCC (2022), link.

2. The scope of the Technical Expert Dialogues of the New Collective Quantified Goal

In Decision 1/CP.21, paragraph 53, Parties decided that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) shall set a New Collective Quantified Goal (NCQG) from a floor of USD 100 billion per year, considering the needs and priorities of developing countries, by 2025. Decision 3/CMA.3 in Glasgow established an ad hoc work programme on the NCQG for climate finance from 2022 to 2024 with four technical expert dialogues (TEDs) per year: a total of 12.

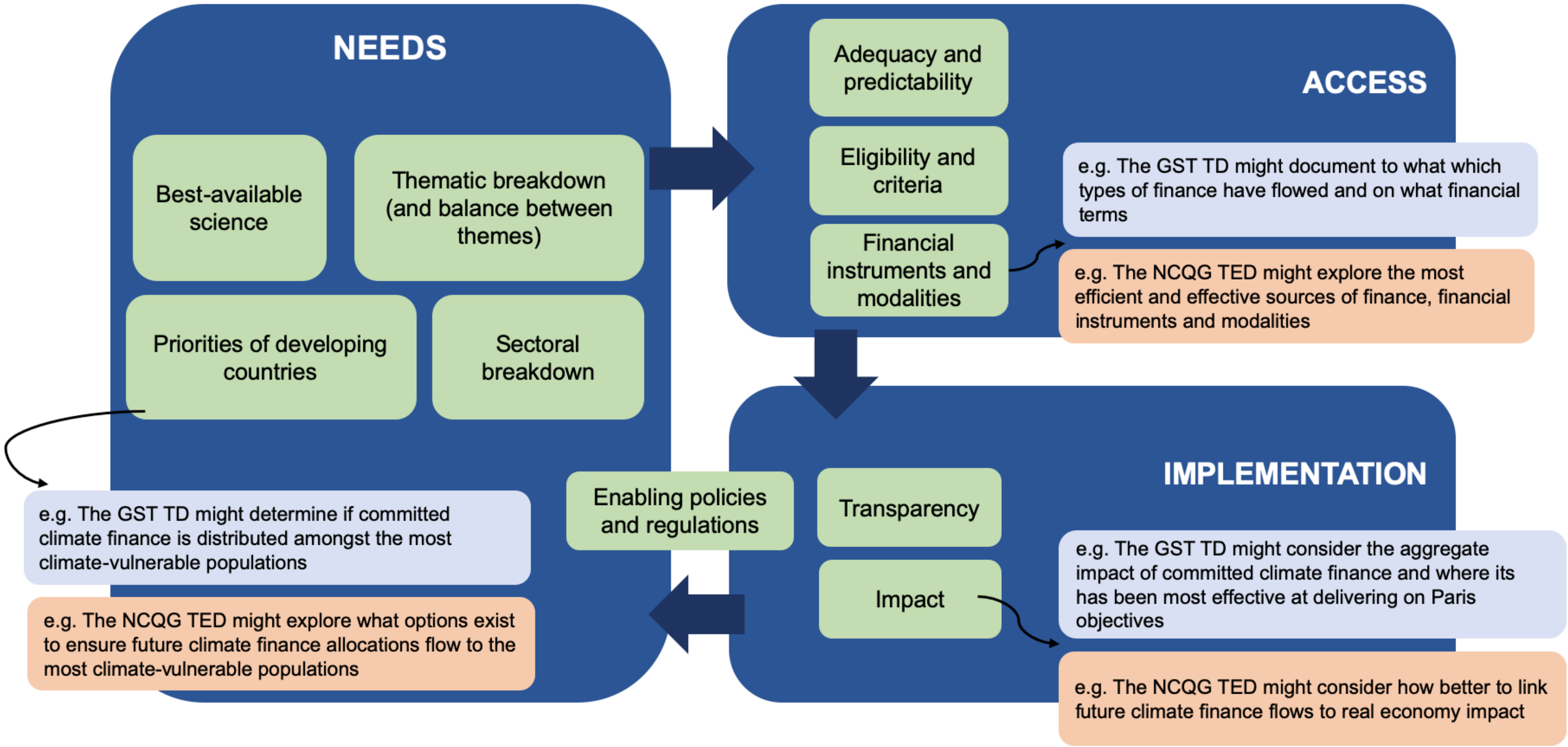
The first two TEDs, and the first round of submissions to a CMA invitation, cover similar elements in scope as the finance theme of the GST. These are outlined in paragraph 16 of Decision 9/CMA.3 as well as the First TED Reflections Note,[4] as illustrated in **Figure 1**. Decision 9/CMA.3 (and Decision 14/CMA.1) are clear that the NCQG aims to contribute to accelerating the achievement of Article 2 of the Paris Agreement: therefore, including a discussion of Article 2.1c of the Paris Agreement, as does the GST.

The objective of the TEDs is to inform the nature of the NCQG, including its quantitative targets, qualitative targets and any milestones and transparency. Questions in the May 2022 reflection note on the first TED of the NCQG reflect this forward-looking nature and need **to inform the setting of quantit(y)(ies) based on the dynamic needs of developing countries, but also explore *how* best to deliver quality climate finance such as it relates to access modalities, financial instruments and real economy impacts**, and future TEDs will need to reflect this too.

The new goal is also considered an opportunity ‘to rebuild confidence in climate finance negotiations and discussions based on the experience in mobilizing climate finance, including the goal of mobilizing jointly USD 100 billion per year’ and ‘a driver for transforming the way climate finance is currently mobilised, access and delivered’.[5] These are not so far from the ambition raising function of the GST as a whole, particularly with many NDCs conditional on such international support.

[4] First technical expert dialogue under the ad hoc work programme on the new collective quantified goal on climate finance: Reflections note by co-chairs. UNFCCC (2022), link
[5] First technical expert dialogue under the ad hoc work programme on the new collective quantified goal on climate finance: Reflections note by co-chairs. UNFCCC (2022), link

Figure 1. *Shared elements (blue) and sub-elements (green) in scope of the finance theme of the GST TDs and NCQG TEDs and exemplary questions to be posed by the technical processes in order to fulfil their political objectives*



Source: authors own

3. Conclusion: the GST TDs scope as compared to the NCQG TEDs

The finance theme of the GST and the NCQG have shared elements that must be discussed in both TDs and TEDs, respectively. Yet there has not been sufficient attention paid as to how to enable synergies in learnings: there is value in the NCQG taking onboard the outcomes of the GST process in its deliberations for example. Nor have proposals for coordination of the processes articulated clearly how scope and objectives differ so that the co-facilitators and co-chairs can avoid duplication between the processes.

Differences in the objectives of these processes have relevance for how the dialogues should be conducted. It suggests there are subtle but clear differences in the questions being asked for each element, sub-element and how that technical information is ultimately used to inform a political discussion on either collective progress, or a decision on a new quantified collective goal for climate finance for developing countries to mitigate and adapt to climate change.

As the GST works to review the implementation of the Paris Agreement, it is largely recognised that it is not possible to achieve the long-term goals of the Paris Agreement relating to mitigation and adaptation without providing the means of implementation and support to do so, *and* without ensuring broader financial systems and finance flows are consistent with these goals. For the GST, for example, this means that the TDs will need to provide an understanding of where we are collectively and what it would look like if actors collectively move closer towards making finance flows climate consistent. In contrast, the NCQG will consider how such an objective to make finance flows consistent with the Paris Agreement can be reflected in developed country obligations to provide and mobilise finance for mitigation and adaptation actions in developing countries. Ultimately, the NCQG process can inform future GSTs, particularly if it can deliver clearly defined benchmarks and targets. Examples like this one, can be found for the other elements and sub-elements in Figure 1.

Both processes, however, including their technical components, will need to tackle a difficult question on their sphere of influence, and more specifically that of the UNFCCC process itself in raising, spending and shifting capital flows.
