

SUBMISSION BY WRI AND TRANSFORMA IN ASSOCIATION WITH ACT 2025

Welcoming the invitation by the Third Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA3) as per decision FCCC/PA/CMA/2021/L.17 paragraph 17, WRI and Transforma, in association with ACT 2025, present their views on the objective and elements of the new collective quantified goal (NCQG) in line with paragraphs 15 and 16 of Decision 9/CMA.3.

The deliberations for setting a new collective quantified goal are rooted in paragraph 53 of Decision 1/CP.21 adopting the Paris Agreement (PA), Decision 14/CMA.1 and Decision 9/CMA.3 of the Conference of the Parties serving as meeting of the Parties to the Paris Agreement (CMA). The formal deliberations were launched in November 2021 at CMA3 and will conclude by setting the NCQG in 2024 (Decision 9/CMA.3, paragraph 22). At CMA3 Parties agreed that the deliberations on the NCQG will be set up around the following four elements (1) ad hoc work programme from 2022 to 2024; (2) submissions by Parties and non-Party stakeholders; (3) High-level ministerial dialogues from 2022 to 2024; (4) stock-takes and guidance by the CMA. It is our view that the technical dialogues and political guidance for the deliberations should be inclusive, ensuring broad participation and engagement of Parties and non-Party stakeholders at different stages of the process. Moreover, it is critical that the process ensures a dynamic mechanism that enables constant interplay and consideration of political and technical aspects, utilizing the best available evidential and scientific data and information, for the definition of the NCQG. Resourcing developing countries' ability, especially the most vulnerable, to mitigate and adapt to climate change is the crux of transformational change and at the heart of solidarity¹.

Building on paragraph 2 of Decision 14/CMA.1, Decision 9/CMA.3 sets, in paragraph 15, the objective of the NCQG². For WRI and Transforma in association with ACT 2025, the new goal has a multi-fold purpose. At the core of its definition is the global effort towards the accomplishment of the long-term temperature, adaptation and finance goals set in article 2 of the PA. In this sense, the deliberations should reflect the interconnection of the finance flows to the overall ambition of the PA. Furthermore, and following paragraph 16 of the same decision, the consideration of the NCQG will take into account the needs and priorities of developing countries "*and include, inter alia, quantity, quality, scope and access features, as well as sources of funding, of the goal and transparency arrangements to track progress towards achievement of the goal*", and establishes that other elements that emerge from the deliberations and from submissions would also be considered.

The implementation of the NCQG Work Programme, guided by the co-chairs and the COP President, with the support of the UNFCCC Secretariat, will require thoughtful consideration of the technical and political dimensions to ensure a successful process. The mandates from existing decisions provide the framing parameters for the deliberations but further specificity is needed to articulate dedicated approaches for the list of aims and elements included in paragraphs 15 and 16 of decision 9/CMA.3. For example, while several Parties have referred to the urgent need of focusing on the actual delivery

¹ See Act 2025 Alliance Statement: <https://files.wri.org/d8/s3fs-public/2021-09/act2025-alliance-statement.pdf>

² "Decides that the new collective quantified goal aims at contributing to accelerating the achievement of Article 2 of the Paris Agreement of holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development". (Decisions 9/CMA.3, paragraph 15).

of climate finance to build resilience and the importance of addressing qualitative elements of climate finance as part of this process, the way of doing so and the interlinkages of this with the quantitative dimension, are yet to be determined and will be critical to ensure robust technical outputs that in turn will inform the high-level deliberations taking place on an annual basis.

The experience in setting and monitoring progress toward collective quantified goals under the UNFCCC should inform the NCQG deliberations. In 2009, at COP15 in Copenhagen, developed countries committed to mobilize jointly \$100 billion per year in climate finance by 2020 to support developing countries in reducing greenhouse gas emissions and adapting to climate change. Developed countries also pledged to provide and delivered \$30 billion for developing countries between 2010 and 2012, known as fast-start finance³. The lessons learned from these commitments should be considered a starting point for the Expert Dialogues taking place this year.

For WRI and Transforma in association with ACT2025, providing and mobilising finance to support developing countries in their climate action is a moral and legal responsibility. The obligation of developed countries is embedded in the United Nations Framework Convention on Climate Change (UNFCCC), as stated in Article 4, paragraph 7. Its moral foundation lies in the responsibility of developed countries for their cumulative emissions since the industrialisation and their often greater capacity to provide financial support to developing countries⁴. In addition to legal and moral responsibility, finance is the decisive element for enabling the transitions that the global system needs to achieve net-zero, ensure climate resilience by 2050, and a trajectory compatible with the temperature goal of 1.5C. However, in our view, any consideration or operationalisation of article 2.1.c, the long-term goal of the PA of making financial flows consistent with a pathway towards low GHG emissions and climate-resilient development, under the NCQG deliberations or any other negotiation track shall not replace the obligations of developed countries regarding the provision and mobilisation of finance for developing countries under the Convention and article 9 of the PA.

In our view, the deliberations on the new goal should also act as a transformational force that builds a global financial system compatible with the PA while taking into account the needs and priorities of developing countries and ensuring a just transition that accounts for the societal implications and the challenges faced by developing countries. The deliberations on the NCQG present a unique opportunity to:

- (1) Build, increase and sustain trust in climate negotiations and multilateralism. Currently, the system has been unable to deliver the financial commitments and to trigger systemic transformations. The NCQG should contribute to the enhancement of the financial architecture serving the implementation of the PA and compatible with the PA rulebook.
- (2) Utilize the increased scientific, technical and socio-economic information and the deeper understanding of the scientific basis of human-induced climate change (i.e. IPCC reports) to inform the process, increase the pace and respond to the urgency of climate action. Cumulative emissions and the exacerbated needs of developing countries, particularly of the most vulnerable, show the urgency to move from a stepwise approach to systemic and sectoral transformations, to keep the 1.5C and the net-zero target within reach.
- (3) Use different sources of inputs including top-down and bottom-up information regarding the needs of developing countries, as well as other relevant reports, to support the definition of

³ Fast-start finance. https://unfccc.int/climatefinance?fsf_home

⁴ See technical note analysing individual contributions to the \$100 billion commitment: <https://www.wri.org/insights/developed-countries-contributions-climate-finance-goal>

the quantitative dimension of the goal while also addressing issues around access and quality of climate finance. Public finance from developed countries has a preponderant role. Developing countries need additional financial resources and enhanced access, especially in the form of grants for adaptation, climate resilience, and for these resources to be delivered in a timely manner.

- (4) Enhance reporting mechanisms to keep track of commitments. Increasing accountability and transparency will lead to increased trust and addressing the gaps. The reporting system used for the \$100bn goal demonstrated that there are accountability gaps to hold countries to account on the standards of (individual and collective) progress, achievement, ambition and fairness. Taking into account the provisions of the Enhanced Transparency Framework of the PA, the accountability framework around the NCQG should adequately build-in these standards.
- (5) Accelerate efforts to ensure consistency of all investments -national, international, public and private with the long-term goals of the PA⁵. In the ongoing and future COVID-19 recovery efforts business-as-usual (BAU) policies, incentives, and investments will continue to determine future emission pathways⁶. The deliberations should take into account the exacerbated challenges posed by the pandemic to developing countries and explore potential synergies with recovery measures.

For this process to deliver a new collective quantified goal prior to 2025, the Work Programme (NCQG-WP) should consider key procedural and implementation matters. The technical dialogues and expert meetings should build on sound inputs and be an inclusive and transparent space. The outcomes of these technical deliberations should in turn inform the high-level meetings that are expected to give political guidance to the process for the following year.

Given the multiple tracks that will consider climate finance-related matters this year under the UNFCCC, such as the wide-ranging work plan of the Standing Committee on Finance and the Sharm-el-Sheikh work program on the Global Goal on Adaptation, the NCQG-WP should seek to avoid duplication of efforts and create as many synergies as possible. For example, by considering whether and how this process could benefit from the outputs and products that the constituted bodies will deliver following the mandates from Glasgow.

Finally, it would be important to bear in mind potential linkages of the NCQG-WP with other relevant processes under the UNFCCC taking place this and next year, such as the first Global Stocktake, that has a financial and support component, as well as the transition that Parties will undertake to move from the current reporting system into the Enhanced Transparency System of the Paris Agreement. For example, the outcomes of the Global Stocktake could be used to inform the final year of the NCQG-WP. The NCQG-WP should be anchored in solidarity and should seek to increase global equity. This means identifying opportunities to advance shared understandings that lead to the adoption of a science- and needs-based goal that contributes to catalyzing systemic transformations in line with a global temperature increase of 1.5°C and a much more resilient world.

⁵ See working paper on aligning financial intermediary investments with the Paris Agreement: https://files.wri.org/d8/s3fs-public/2021-06/aligning-financial-intermediary-investments-paris-agreement.pdf?VersionId=1eDxt_id2a45lVqizNCH1EdoyAKj1en0

⁶ See working paper on aligning COVID-19 recovery finance with climate goals: https://files.wri.org/d8/s3fs-public/2021-09/accelerating-paris-aligned-financial-flows-typology-facilitating-paris-aligned-covid-19-recovery.pdf?VersionId=RZ9_ZWdHB8G.HE18X1TmYep1ebhKy1SJ