

**Submission by the Czech Republic and the European Commission on behalf of  
the European Union and its Member States**

**Subject: EU submission on Views on the new collective quantified  
goal as specified in paras. 15 and 16 of decision 9/CMA.3**

Prague, 31<sup>st</sup> October 2022

Decision 9/CMA.3 invites Parties and other stakeholders to submit their views on the elements referred to in paragraph 16, namely that:

- the NCQG will be in line with decision 14/CMA.1;
- the NCQG will take into account the needs and priorities of developing countries;
- the NCQG will include features and arrangements pertaining to:
  - quantity
  - quality
  - scope
  - access features
  - sources of funding
  - transparency, to track progress towards the achievement of the goal
  - without prejudice to other elements that will also be considered as the deliberations evolve and taking into consideration the submissions.

This submission provides a possible preliminary and broad structure of the NCQG, with a view to providing concrete proposals on how the NCQG can address all the elements and aims identified in the relevant decisions in a meaningful and useful way in view of setting the goal in 2024 and implementing it from 2025 onwards.

As reflected in the first three expert dialogues, the NCQG will differ significantly from previous climate finance goals in terms of its content and the multiple dimensions that need to be considered. The submission includes the views of the European Union and its Member States on the above elements and aspects as agreed in the relevant decisions, taking into account the landscape of issues put forward by the co-chairs in their reflection notes, as well as Parties' and stakeholders' deliberations during the first three expert dialogues.

## **I. Guiding principles and objectives of the NCQG**

As highlighted in the previous EU submission on the New Collective Quantified Goal, the EU suggests taking into account the following non-exhaustive list of guiding principles for the NCQG:

### **➤ Building the NCQG on lessons learned from the 100bn goal**

Recalling the co-chairs' reflection note and discussions among Parties and stakeholders during the last three technical expert dialogues, the NCQG should not only be a number. It needs to take into account various qualitative elements. Firstly, the NCQG should include identified guiding principles reflecting the multidimensional aspect of the goal, functioning as « pillars » that guide the implementation of the goal over time. Secondly, quantitative aspects of the goal should be based on a range of elements and considerations, taking into account the priorities of developing countries and should build on significant common ground emerging from the cyclical process of technical and political dialogues.

### **➤ Accelerate efforts and clarify the relationship to Article 2.1c of the PA**

Taking into consideration the interlinkages with the proposed new agenda item on matters relating to Article 2, paragraph 1(c) of the Paris Agreement and building on productive discussions of the first three TEDs, the continued deliberations should consider how the goal itself can most effectively contribute to making all finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. The EU wants to highlight that the NCQG is part of the implementation of Article 2.1(c) and should fit into this broad context. The goal should promote resource mobilisation at all levels, public and private, domestic and international. It should ensure that financial frameworks are able to enhance private investments, including by encouraging fiscal and economic levers consistent with our climate objectives, including phasing out fossil fuel subsidies, taxonomies, carbon pricing when appropriate and more broadly implementing Article 2.1(c).

➤ **Scaling up finance for adaptation and achieving a balance between adaptation and mitigation**

As an important lesson learned, the EU acknowledges the continued need to scale up and better target finance for adaptation and to achieve a balance between mitigation and adaptation actions, particularly in the most vulnerable countries, notably Least Developed Countries and Small Island Developing States, and for the benefit of the most vulnerable communities. In this context, the NCQG should also acknowledge different needs due to differentiated impacts of climate change on communities and as such highlight the importance of gender-mainstreaming and acknowledging marginalized groups.

➤ **Consider a variety of sources, public finance and mobilization of private finance**

The EU is willing to step up its efforts to support developing countries to reach their climate targets through the NCQG. We reiterate our commitment, in accordance with Article 9.3 of the Paris Agreement, to provide climate finance to developing countries in the context of the new goal.

In addition, we emphasise that private and other mobilized resources, domestic and international, are crucial, not to replace public resources, but as a supplement. Given the scale of the climate challenge, public finance will never be able to match the needs and priorities of developing countries. As a result, the NCQG needs to include all possible sources of finance in a holistic and integrated manner.

➤ **Climate finance as a global effort**

Drawing on lessons from our experience, climate finance under the NCQG should also be seen as a global effort (both governmental or non-governmental), reflecting the respective capabilities of different actors in contributing to the goal in support of the most vulnerable developing countries.

## **II. Operational views and proposals on the elements of the NCQG**

1. *Innovative set up of the NCQG in the context of accelerating the achievement of Article 2 of the Paris Agreement, taking into account the needs and priorities of developing countries*

The structure of the new goal should be set in the context of effectively accelerating the achievement of Article 2 of the Paris Agreement, reaching maximum impact, and providing a transparent process and consistent implementation channels aimed for meaningful mitigation and adaptation actions. In particular, the NCQG should be part of the implementation of Art. 2.1(c) of the PA. The EU is willing to step up its effort in supporting developing countries in reaching their climate targets, by engaging in a significant discussion on the process and « how » the NCQG should be structured, giving concrete ideas on the implementation of the goal through time. The figure below shows how we envision the relationship between Article 2.1(c) and Article 9.

Figure 1 – Article 2.1c and Article 9 relationship



In order for the NCQG to be better linked with the achievement of Article 2 of the Paris Agreement and to reflect the dynamic nature of needs and priorities, the EU favours a bottom-up approach, different in nature from the 100bn goal which was top-down and inflexible. Discussions during the first three TEDs showed that we still need to find a bridge between the observed financial gaps between developing countries' priorities and implementation. Deep diving in 2023 on the « how » the NCQG should be structured is key and can ensure effective and targeted implementation of the NCQG.

*2. Structure of the NCQG, with guiding principles, scope, quantitative elements, qualitative elements, access features, sources of funding, instruments, transparency arrangement*

Reflecting both Article 9.3 and Article 2.1(c) of the Paris Agreement, the new objective could thus be framed within the broader context of the article 2.1(c) goal, so that it may include a variety of sources adapted to various needs.

In this context, public finance will be essential to fund LDCs and the most vulnerable countries and communities and « unprofitable » projects and play a leverage effect for the mobilization of private investment on a much larger scale. At the same time, the goal could encompass in a broader sense public, domestic and international, and private mobilized finance that should be bolstered by the implementation of enabling environments. This second circle would not substitute, but complement public finance, building on lessons learned from the 100bn experience from insufficient private finance and would reflect the urgent need to trigger large-scale investments towards net-zero economies. As such, the goal would serve as a representation of the broader green economy we should strive towards.

### **III. Process and steps forward**

We look forward to collectively advance on how the cyclical nature of the deliberations should work, in particular how to capture substantial technical information and input for political deliberations.

Recalling this cyclical nature of the deliberations on the NCQG, technical dialogues in 2023 should avoid pre-empting the final agreement, which should be taken at the political level in 2024, considering technical inputs. Considering the importance of the NCQG, the discussions should remain flexible and open to all suggestions and innovative ideas until we reach the final agreement.