First Technical Expert Dialogue under the Ad hoc Work Programme on the New Collective Quantified Goal on Climate Finance

24 – 25 March 2022

Kirstenbosch National Botanical Gardens, Cape Town, Republic of South Africa

Note by Co-Chairs

I. Introduction

1. This co-chairs’ note serves as a tool to frame discussions during the first technical expert dialogue on the new collective quantified goal on climate finance (NCQG) to be convened on 24 to 25 March 2022 in Cape Town, South Africa. It offers session briefs to help focus the discussions, drawing from the rich views and ideas presented in the submissions by Parties and observers.

2. Section II provides background information and the context of the mandates of setting a NCQG. Section III presents an overview of the submissions received from Parties and stakeholders as at 15 March 2022, and section IV includes session briefs for presenters, panelists and participants of the first technical expert dialogue.

II. Background and objectives

3. By decision 1/CP.21, paragraph 53, Parties decided that, prior to 2025, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) shall set a NCQG from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries.

4. In Katowice, CMA 1 decided to initiate deliberations on setting the NCQG at CMA 3. In Glasgow, CMA 3 established an ad hoc work programme on the new collective quantified goal on climate finance from 2022 to 2024 and decided to conduct four technical expert dialogues per year, with one to be held in conjunction with the first regular sessions of the Subsidiary Bodies and one to be held in conjunction with the CMAs, and the two remaining dialogues to be organized in separate regions with a view to facilitating inclusive and balanced geographical participation.

5. The CMA invited Parties, constituted bodies under the Convention and the Paris Agreement, the operating entities of the Financial Mechanism, climate finance institutions, observers and observer organizations, and other stakeholders, particularly from the private sector, to submit their views on the objective in line with paragraphs 15 and 16 of the same decision via the submission portal by February and August 2022.

1 As at 15 March 2022, 15 submissions from Parties and Groups of Parties and 9 submissions from observer were received. All submissions are available at https://unfccc.int/topics/climate-finance/workstreams/NCQG/submissions-from-parties-and-non-party-stakeholders.
2 Decision 14/CMA.1.
3 Decision 9/CMA.3.
6. The CMA also requested the co-chairs to organize the technical expert dialogues on the basis of those submissions, and to allow sufficient time for the technical expert dialogues to make substantive progress.

III. Information from the submissions

7. This section provides a preliminary and non-exhaustive set of insights on the information from the submissions received to date in response to the invitation by the CMA, to assist preparations for the first technical expert dialogue. First, insights on the deliberations on the NCQG are presented (subsection A), followed by insights on the nature of the NCQG itself (subsection B).

A. On the deliberations of the NCQG

8. Many of the submissions outlined principles or considerations that the process of setting the NCQG should follow, including:

   (a) Openness, inclusiveness and transparency in the deliberations with participatory representation ensured;

   (b) The iterative nature of the deliberations with a cyclical exchange of both political and technical views throughout;

   (c) Consideration of lessons learned from the goal of mobilizing jointly USD 100 billion per year by 2020 through 2025;

   (d) Be informed by science, technical and socio-economic information, particularly the findings of the IPCC, and take into account the needs of developing countries.

B. On the objectives and elements of the NCQG

9. Many submissions referred to how the objectives of the NCQG would be based on the provisions of the Convention and Paris Agreement. In this respect, the link between climate action and financial support was emphasized, highlighting that an ambitious NCQG contributes to enhanced action, including through the implementation of ambitious NDCs. These are necessary to achieve the goals of the Paris Agreement.

10. In addition, many submissions highlighted the role of the NCQG in the context of achieving all the goals set out in Article 2 of the Paris Agreement and/or in particular Article 2, paragraph 1(c).

11. The following non-exhaustive set of views made to date provide initial insights with respect to elements of the NCQG, and without prejudice to views expressed in the submissions:

   (a) How the NCQG may be targeted or based on the needs of developing countries with a particular focus on the resources needed for developing countries to contribute to the achievement of the goals of the Convention and the Paris Agreement. The context of meaningful mitigation actions towards the Paris Agreement goals was also cited as relevant information in this regard.

   (b) The quantitative element of the NCQG should be from a floor of USD 100 billion per year. In addition, several submissions reflected on how the
quantitative element may prioritize adaptation finance and/or achieve a better balance between mitigation and adaptation finance, as well as sub-goals for grants and specific groups such as LDCs and SIDS.

(c) In terms of **quality**, many submissions highlighted the significant role of grant-based finance and finding ways to avoid net incidence and increased debt levels on developing countries, with the additional potential of concessional loans and guarantees to supplement efforts. In addition, the predictability of climate finance and whether it is new and additional were identified as other qualitative elements important to achieve through the NCQG.

(d) Most submissions identified the **scope** of the NCQG to include mitigation and adaptation finance with several submissions also identifying needs for loss and damage with a process to determine relevant financial instruments and needs.

(e) Several submissions also identified the need to consider **enhancing access** to climate finance, including through enhancing or simplifying the climate finance architecture or incorporating sub-targets of finance to be channeled via direct and simplified access modalities, particularly for adaptation finance, to enable appropriate and timely adaptation action.

(f) **Sources** of climate finance under the NCQG should come from both public and private sources and new and innovative approaches to increasing private climate finance. In addition, some submissions identified the need to broaden the contributor base.

(g) Many submissions highlighted the need to enhance **reporting arrangements to track progress** of mobilization and delivery of climate finance. Several submissions identified necessary work on climate finance definitions to account for tracking of progress.

IV. Guiding questions for the First Technical Expert Dialogue

12. We have attempted to organize the first technical expert dialogue in a manner that helps us **initiate work on all aspects outlined in the relevant decisions**. Submissions made to date in response to the Glasgow decision are rich and contain substantive inputs that provide us a good starting point for the first technical expert dialogue. We have taken those into consideration and would like to encourage participants to familiarize themselves with the content of the submissions\(^4\) prior to the first technical expert dialogue.

13. We aim to provide sufficient space for all participants to share their views on the various aspects. It is not our aim to find solutions on these matters at the first technical expert dialogue but rather to identify topics/elements that Parties and stakeholders feel need to be explored at the subsequent technical expert dialogues over the course of this year.

1. **Session 1: Setting the scene**

14. *Description:* This session will deliberate on how the NCQG on climate finance will contribute to the achievement of the provisions of Article 2 of the Paris Agreement with regards to its temperature goal, 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.

15. *Guiding questions:*

   (a) How can the NCQG accelerate the achievement of Article 2 of the Paris Agreement? What should technical discussions address in order to ensure the objectives of the NCQG work programme are reached?

   (b) What information is available on finance and investment flows and needs which should be considered to ensure the NCQG contributes to the achievement of a pathway towards low greenhouse gas emission and climate-resilient development?

   (c) How can technical discussions best address linkages between finance and investments needs for the implementation of Article 2.1(c) of the Paris Agreement?

   (d) Can you identify synergies between the NCQG work and other components of the Paris Agreement? If so, which are relevant for the discussion to be explored? How and when should these synergies be best addressed?

   (e) Are there other processes inside and outside the UNFCCC process that can support the work on the NCQG?

2. **Session 2: Lessons learned from mobilization of climate finance**

16. *Description:* This session aims at providing space for participants to share views and experience on the mobilization of climate finance, including from the goal of mobilizing jointly USD 100 billion per year in the context of meaningful mitigation actions and transparency on implementation, and how these can inform deliberations on the NCQG.

17. *Guiding questions:*

   (a) What insights can be drawn from the goal of jointly mobilizing USD 100 billion per year since its inception from the perspective of Parties and stakeholders that can inform the work on the NCQG?

   (b) What are the major drivers and barriers in the mobilization of private climate finance?

   (c) What topics should be further explored in 2022?
3. **Session 3: The needs and priorities of developing country Parties**

18. *Description:* Bearing in mind decision 14/CMA.1, this session will present the key findings on the needs and priorities of developing country Parties, drawing from national, regional and global reports.

19. *Guiding questions:*
   
   (a) How can the work on the NCQG ensure that needs and priorities of developing countries are considered? How can the work on the NCQG benefit from available information on needs and priorities of developing countries?

   (b) How can the technical discussion best address the variety of needs and priorities of developing countries to inform the work on the NCQG?

   (c) How can the NCQG reflect how needs and priorities of developing country Parties may change over time?

   (d) What topics should be further explored in 2022?

4. **Session 4: 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**

20. *Description:* Bearing in mind decision 14/CMA.1, this session aims at providing space for participants to deliberate on the elements of 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.

21. *Guiding questions:*

   (a) How can the technical discussions be structured to support the identification of quantitative and qualitative features of the NCQG?

   (b) How should the NCQG reflect features related to scope and access to climate finance?

   (c) What should technical discussions with respect to sources of funding encompass?

   (d) How should work on the NCQG address transparency arrangements to track progress on the achievement of the goal?

5. **Session 5: Other elements of the NCQG for further consideration in the ad hoc work programme**

22. *Description:* This session provides space for participants to identify other elements of the NCQG that should be considered for further deliberations in the subsequent technical expert dialogues.

23. *Guiding questions:*

   (a) Are there any other key elements that are relevant for further consideration in the deliberations of the NCQG?

   (b) What approaches would you suggest to structure the NCQG based on the discussions of the first technical expert dialogue?

   (c) How should these elements be approached and reflected in the technical work in 2022?