

Written Input from Switzerland on possible decision text elements on the New Collective Quantified Goal (NCQG)

In response to the request from the co-chairs of the Ad-Hoc Work Program on the NCQG Switzerland would like to provide further written inputs on possible decision text elements for the NCQG.

These elements below indicate possible options and further elaborations in decision text format of the past written and oral Swiss inputs to the Ad-Hoc Work Program on the NCQG.

Preamble:

Recalling Article 2 paragraph 1, sub-letter c and Article 9 paragraph 3 of the Paris Agreement;
Also Recalling decisions 1/CP.21, paragraphs 1 and 53, 14/CMA.1, 9/CMA.3, 1/CMA.3, paragraphs 49 and 50, 5/CMA.4, 1/CMA.5 paragraphs 93, 94, 95 and 96, and 8/CMA.5;

Context:

Paragraphs associated with needs and capabilities:

1. *Acknowledges* that the new collective quantified goal on climate finance is to take into account the needs and priorities of developing country Parties and *recognizes* that needs, priorities, economic capacities and emissions are constantly evolving and dynamic in nature;
2. *Further recognizes* that all sources, domestic and international, public, private and innovative from all actors are necessary to meet the needs and the overarching goals of the Paris Agreement;
3. *Highlights* the importance of mainstreaming needs and priorities into national planning and budget processes;

Paragraph embedding the NCQG in a wider financial landscape

4. *Underlines* the importance of embedding the new collective quantified goal in a wider financial landscape and multiple actors to facilitate investments for effective climate action;
5. *Recalls* the importance of reforming the multilateral financial architecture and *underlines* the role of governments, central banks, commercial banks, insurances, institutional investors and other financial actors with a view to improving the assessment and management of climate-related financial risks, ensuring or enhancing access to climate finance in all geographical regions and sectors, and accelerating the ongoing establishment of innovative sources of finance;

Paragraph to anchor the ultimate aim and the sense of urgency:

6. *Reaffirms* the commitments by all Parties to accelerate climate action within this decade, based on the best available science, equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances, including transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 2030;
7. *Further reaffirms* the commitments by all Parties to undertake rapid emissions reductions in accordance with the best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases well before 2050;
8. *Recognizes* the importance of urgent and sustained climate action to scale-up investments in climate action and *reiterates* that the new collective quantified goal aims to contribute to achieving all three goals of the Paris Agreement;

Paragraph to provide the context related to NDCs, ACs and BTRs:

9. *Stresses* the reinforcing nature of ambitious NDCs, Adaptation Communications, transparent, accurate, comparable, consistent and complete Biennial Transparency Reports, long-term low greenhouse gas emission development strategies and the New Collective Quantified Goal

sustained by a broad contributor base and *acknowledges* the need to scale up efforts to support ambitious climate plans, affirming that these should be backed by investment strategies, domestic resource mobilization and supporting macro, fiscal and other policies;

Paragraph to reference the GST outcome, GGA framework and MWP outcome:

10. *Further highlights* the importance of the outcome of the first global stocktake as referred to in decision 1/CMA.5, the framework for the global goal on adaptation as referred to in decision 2/CMA.5 and any future substantive outcomes of the Sharm el-Sheikh mitigation ambition and implementation work program;

Quantified element(s):

11. *Decides* in this context to commit to a goal of investing at least [xx] trillion USD per year by 2035 to support the achievement of Art. 2.1a) and 2.1b) of the Paris Agreement globally through sustained and continuously increasing efforts of all Parties and other public and private actors, including:
- a. [xx] billion USD per year by 2035 to support effective climate action in developing country Parties, in particular LDCs, SIDS, fragile and conflict affected states, from public and mobilized private sources through a variety of instruments and other public interventions from developed country Parties and Parties which:
 - i. are among the ten largest current emitters and have a purchasing power parity adjusted gross national income per capita of more than 22'000 USD, and / or
 - ii. have cumulative past and current emissions per capita of at least 250t CO₂eq and a purchasing power parity adjusted gross national income per capita of more than 40'000 USD
 - b. by the enhanced development and implementation of policies, which push and pull investments into the geographies and sectors, where they are most needed to finance the transition to a low-emission and climate resilient future, including, inter alia, by:
 - i. aiming to restructure a greater share of sovereign bilateral debt through debt-for-climate swaps by 2035;
 - ii. including more developing country Parties, in particular LDCs and SIDS in the Common Framework for Debt Treatments beyond the Debt Suspension Initiative
 - iii. establishing climate-smart policy and regulatory environments, including comprehensive and ambitious domestic carbon pricing policies by 2035;
 - iv. phasing out inefficient fossil fuel subsidies by 2035;
 - v. reforming the multilateral financial architecture, consistent with decision 1/CMA.5 paragraph 95;
 - vi. creating additional foreign exchange foreign exchange risk insurance and local currency lending instruments for implementing climate action
 - vii. considering the reform of risk frameworks to integrate longer term financial health considerations and ambitious climate action thereto;
 - viii. developing financial disclosure policies to ensure the disclosure of the climate risks and impacts of at least 70% of all publicly listed assets under management by 2035
 - ix. incentivizing ambitious climate action by targeting concessional finance strategically to high impact climate projects and rewarding developing country Parties with high ambition;
 - x. scaling-up innovative financial instruments like de-risking tools to support climate outcomes;
 - xi. adopting sustainable finance policies and measures with the aim of reducing barriers to investment in climate outcomes and to improve the ability of financial markets to support climate outcomes;
 - xii. ...

Qualified elements

Paragraph on access:

12. *Urges* Parties, multilateral development banks, central banks, commercial banks, insurances, rating agencies, institutional investors and other financial actors to identify and to effectively address systemic access barriers for developing country Parties, in particular LDCs and SIDS, such as transition costs, fragmentation of the climate finance landscape, lack of harmonized policies and standards, shortage of foreign exchange risk insurance and local currency lending mechanisms, capacity constraints and the underlying reasons for the high cost of capital;
13. *Encourages* Parties, multilateral development banks, the operating entities of the financial mechanism and other climate finance providers to develop policies to further increase the share of highly concessional finance to LDCs, SIDS, fragile and conflict affected states, as well as the most vulnerable communities and underserved groups such as women, youth and indigenous peoples and local communities;
14. *Encourages* the operating entities of the Financial Mechanism, the multilateral development banks and other climate finance providers to harmonize and streamline their policies and processes, as feasible and appropriate, to facilitate the access to the concessional finance provided by developing country Parties;

Paragraph on debt sustainability:

15. *Recognizes* the increasing debt burden and challenges of an increasing number of developing country Parties and *encourages* all bilateral sovereign creditors to consider the instrument of debt-for-climate swaps as a complement to other debt treatment instruments to facilitate increased fiscal space for climate action in developing country Parties, while contributing to debt sustainability;
16. *Calls* for the certain, timely and transparent implementation of the Common Framework, and call for its extension to include more developing country Parties, noting practical step-by-step information on debt restructuring under the Common Framework is essential;
17. *Urges* Parties to take debt sustainability into account in the provision and mobilization of climate finance;

Paragraph on effectiveness, results and impacts

18. *Urges* Parties, the operating entities of the financial mechanism, multilateral development banks and other finance providers to increase the effectiveness of the finance provided and mobilized for climate action in developing country Parties;
19. *Encourages* Parties, multilateral development banks, the operating entities of the financial mechanism and other climate finance providers to develop sound framework conditions - including enabling policies for impact investing - to increase the share of outcome-based climate finance in developing country Parties and to ensure the availability of concessional finance for developing countries, preferably in local currency, which submitted particularly ambitious NDCs, AdComs and Long-Term Low-Emission Development Strategies as well as consistent reporting;
20. *[Placeholder for adaptation and mitigation specific outcome-based sub-target of the NCQG]*

Paragraph on gender responsiveness, fostering broader nature and sustainable development co-benefits

21. *Recognizes* that climate and development policies should be implemented in such a way that they are mutually supportive and limit unintended consequences and *underscores* the importance of robust social and environmental safeguards and the use of a human-rights based approach in the provision and mobilization of climate finance;
22. *Encourages* Parties, multilateral development banks, the operating entities of the financial mechanism and other climate finance providers to develop policies to significantly increase the share of gender-responsive climate finance by 2035.

23. *Recognizes* the interconnected crisis of climate change, biodiversity loss and pollution and *encourages* all climate finance providers to increase funding for nature-based solutions and foster integrated approaches to maximize the achievement of multiple environmental and social co-benefits;

Transparency:

Paragraph to anchor the collective tracking progress of the new collective quantified goal

24. *Decides* that the progress on implementation of the various aspects of the new collective quantified goal as referenced in paragraphs 11 to 22 above is to be tracked collectively and on a biennial basis until 2037, based on bottom-up national reports from all contributors building on the Biennial Transparency Reports and Biennial ex-ante Finance Communications, as well as additional sources of information, including aggregate top-down reports from various sources;
25. *Further decides* that all developed country Parties and other Parties which are expected to contribute to the goal as per paragraph 11, sub-letter a above, are to report the climate finance provided and mobilized in the context of their biennial transparency reports;

Paragraph on the assessment and review of progress on implementation of the NCQG

26. *Decides* to assess and review the progress on implementation of the various aspects of the new collective quantified goal as referenced in paragraphs 11 to 22 above, in 2031, based on the collective tracking progress, with a view to providing recommendations for improved implementation of the goal;

Paragraph on the creation of a SBSTA work program to develop the detailed transparency arrangements

27. *Requests* the SBSTA to develop the transparency arrangements for decision by the CMA at its 8th session to facilitate a collective tracking progress in accordance with paragraph 23-25 above, building on but not limited to the Enhanced Transparency Framework and the Biennial ex-ante Finance Communications as well as the experience of tracking progress towards the 100 billion USD goal;