

Reflections paper from the COP 25 Presidency and the incoming COP 26 Presidency on their informal bilateral consultations on the topic of the new collective quantified finance goal

Introduction

1. At the end of June 2021, the COP 25 Presidency and the incoming COP 26 Presidency issued an open call to Parties and negotiating groups to have informal bilateral consultations. These focused on expectations for what an agreed forward approach coming out of Glasgow may look like for future deliberations on the new collective quantified post-2025 finance goal. In July and August, we held these informal bilateral consultations with the significant number of Parties and negotiating groups that had responded to this open call. We appreciate the active participation and collaboration of all the Parties and negotiating groups with which we spoke.
2. Prior to these bilateral informal consultations, we shared suggested guiding questions (set out in Annex I) to help structure the conversations and solicit Parties' views on some of the areas we had identified as being important for securing progress on the new goal deliberations through our previous discussions with Parties. These questions focused on: what potential components of future deliberations should be captured in the Glasgow outcome; what working modalities the future deliberations should be undertaken through; what the key substantive topics or questions that the deliberations need to consider beyond Glasgow are; and what views Parties had on specific proposals already heard from others in relation to the new collective goal deliberations. These questions built on views we had heard on this topic through previous interactions with Parties, most notably, during our multilateral consultation with Group Chairs and Heads of Delegations on finance on 24 May 2021.¹
3. Additionally, at the incoming COP 26 Presidency's informal Ministerial meeting on 25-26 July, attending Ministers discussed the topic of mobilising finance. This included considering what they saw as the main questions that need to be addressed through deliberations on the new goal and the key components of the future approach to deliberations that should be agreed in Glasgow.² Whilst a separate Chair's summary of that meeting has already been made available, we have also integrated relevant points from that discussion into this note.
4. This paper provides reflections, under our authority, of views expressed by Parties and ministers in these engagements. We have not attempted to capture all views expressed by all Parties throughout our discussions, and the paper should therefore be read as a non-exhaustive summary of discussions, created with the intent to provide balance and highlight the key issues

¹<https://unfccc.int/process-and-meetings/bodies/supreme-bodies/conference-of-the-parties-cop/presidency-consultations-and-other-presidency-meetings/informal-consultations-by-the-cop-25-presidency-and-the-cop-26-incoming-presidency#eq-10>

²<https://unfccc.int/process-and-meetings/bodies/supreme-bodies/conference-of-the-parties-cop/presidency-consultations-and-other-presidency-meetings/informal-consultations-by-the-cop-25-presidency-and-the-cop-26-incoming-presidency#eq-24>

on which we feel Parties will need to continue to engage as we approach Glasgow. As with all work created under our work plan, this is an informal product with no formal status, but we hope that it will be useful to Parties in their engagements prior to and at COP 26 - when deliberations will be initiated.

What are Parties seeking to agree at CMA.3 in Glasgow?

5. There was a clear expectation amongst Parties that the starting point for the deliberations in Glasgow on the new goal should be the parameters set out in relevant decisions, in particular the specific decisions pertaining to the goal from Paris and Katowice.³ Based on these, Parties generally expected that there would be an agenda item at CMA.3 relating to the new collective quantified goal on climate finance. Parties also generally noted the importance of ministerial engagement on this matter during the COP. There was also general agreement that in Glasgow, Parties would need to agree a future approach, including deciding the ways in which future deliberations would reflect the key elements specified in the relevant mandates. These include, *inter alia*, that:
 - the new goal should be from a floor of USD 100 billion per year in the context of meaningful mitigation actions and transparency of implementation;
 - the new goal must take into account the needs and priorities of developing countries;
 - that the deliberations on the new goal must consider the aim to strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development;
 - as part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including support for country-driven strategies; and
 - the future mobilisation of climate finance should represent a progression beyond previous efforts.
6. We did not hear from any Party an expectation that the new goal itself would be agreed in Glasgow. Rather, there was the expectation that the CMA.3 outcome should include further detail on *how* the new goal deliberations would be conducted over the coming years so that the new goal will be set at a later date prior to 2025.
7. With regards to the shape of future deliberations, Parties underlined the importance of transparency and inclusivity. We heard the general expectation that any agreed future approach to deliberations would need to incorporate discussions at both the technical and political levels and that Parties would need to decide in Glasgow how these should proceed and how they could interact. Parties expressed the common view that deliberations on the new goal would need to take place between, as well as during, meetings of the CMA and that the Glasgow outcome should elaborate on the form these deliberations should take. Additionally, there

³ Decision 1/CP.21, paragraph 53 and Decision 14/CMA.1

seemed to be agreement that there should be an inclusive and transparent approach to seeking inputs to inform future deliberations, allowing a wide range of stakeholders to express their views.

Aspects to consider in designing the future approach to deliberations on the new goal

8. In discussions, Parties raised a number of points that they felt needed to be considered with regards to future deliberations and reflected in the Glasgow outcome.

Deadline for setting the new goal

9. Most Parties were of the view that the deadline for setting the new goal was in 2024 and that CMA.6, due to take place that year, would be when the full goal would be agreed. We did also hear a view, however, that the goal should actually be agreed in 2023 so as to be set prior to the next round of NDC submissions.

The relationship between deliberations at the technical and political levels

10. Whilst we heard the general expectation that, in order to set the goal prior to 2025, there would need to be work conducted at both the technical and political levels, Parties suggested different ways in which these could interact and be sequenced. Many Parties expressed their desire to avoid a goal that was purely the result of late-stage political interaction, and not informed by sufficient technical deliberations. Multiple Parties also emphasised the importance of clear political direction and commitment being given to frame the initiation of deliberations in Glasgow.
11. Some Parties felt that there should be a process for deliberations that starts with work at the technical level and that this technical work would then set the framework for later political engagement. For example, several saw deliberations progressing through phases in a linear manner, with CMA.3 starting a technical process that would be followed later by technical discussions to narrow down options for the new goal. These would then ultimately be escalated to the political level towards the end of the process in order to reach agreement prior to 2025.
12. Many other Parties suggested that there should be a cyclical relationship between technical and political work over the course of deliberations, with political framing and guidance used to give appropriate direction and focus to technical discussions. These could then feed back to further political engagement that would provide additional guidance for further technical work in a cyclical manner as deliberations progressed. We heard one specific suggestion that there could be political-level roundtables or dialogues to frame technical workshops on specific areas, the results of which would then filter back to the political-level for further consideration and guidance. Parties suggested that such an approach would provide built-in flexibility and regular political oversight to ensure the alignment of deliberations with overarching climate objectives. A number of Parties noted concerns that it would be difficult to progress discussions at a technical level without this political guidance and direction.

Potential timelines and shape for deliberations

13. We heard a range of proposals on the level of detail that should be agreed at CMA.3 with regards to the timeline for future deliberations on the new goal. Some Parties suggested a forward process for setting the new goal with clear stages that build on each other. These stages would include time-bound deliverables and milestones for agreeing specific aspects of the new goal at each session of the CMA so that the goal can be set prior to 2025. This would include both quantitative and qualitative components. Parties that proposed this suggested that it would ensure a clear structure and deadlines for work, avoiding the risk of having to renegotiate the process each year. We heard two specific proposals for processes along these lines, which are set out in Annex II to this note.
14. Other Parties suggested the different potential aspects of the new goal should be discussed by Parties concurrently and then agreed together at the end of deliberations as part of a package. They suggested that this would follow the approach taken in previous successful negotiations under the UNFCCC. In this context, some Parties were sceptical that it would be possible to agree the goal in stages, given that decisions on certain characteristics of the goal may interact with Parties' views on other characteristics.
15. To overcome this, it was also suggested that milestones could be set that specified the topics and modalities (e.g. workshops, roundtables) for specific discussions, but which did not specify when agreement on the relevant issues would be reached. This could lead to possible 'building blocks' for the goal which could then be decided on at the point that the goal is set by the CMA. Several Parties also highlighted the need for flexibility and review to be built into the approach to deliberations, which would allow for discussions to evolve and adapt as needed. As such, they called for the outcome in Glasgow to include a set of thematic guiding questions or themes for the overall deliberations and more specific modalities for how these would be addressed throughout the next year and potentially beyond. We heard one specific suggestion for what such useful guiding questions could be, which is set out in Annex III to this note.
16. Many Parties expected there to be an annually recurring CMA agenda item until the new goal was agreed prior to 2025. A large number of these Parties suggested that arrangements should be made for intersessional work on the goal to take place linked to the meetings of the subsidiary bodies. Some suggested that there should also be an agenda item on the new goal created under the subsidiary bodies to undertake technical work, with the CMA's role being to provide political guidance.
17. Others held a similar view on the need for intersessional work, but thought that there would not necessarily need to be an annually recurring dedicated agenda item on the new goal at every session of the CMA during this period, nor under the SBs. Rather, they felt that alternative arrangements for regular deliberations could prove more conducive to reaching agreement on the new goal. For example, a model of high-level workshops or dialogues at CMA sessions and technical-level workshops linked to the timing of the meetings of the subsidiary bodies in order to delve deeper into specific topics was suggested.

18. We heard one suggestion that the CMA should task a representative *ad hoc* group to take forward technical work on the new goal, with regular meetings throughout the year. The historic case of the Transitional Committee for the design of the Green Climate Fund was cited as an example of a smaller group that was able to progress technical work between COPs, before submitting the results of its work to Parties for their approval. Some other Parties saw merit in considering options for a reduced but representative group of Parties taking discussions forward between sessions of the CMA. Other Parties did not see such an approach as a beneficial way forward. Some Parties felt that setting up such a group would pose challenges in terms of the time it would take to negotiate membership and emphasised the need for an open, inclusive, and transparent space for discussions.
19. We additionally heard a suggestion that Parties could decide to also consider the new goal under the COP as part of a continued long-term finance (LTF) agenda item, in addition to the mandated deliberations under the CMA. However, many Parties were clear that they did not see this as a viable approach, noting that they saw the LTF agenda item ending at COP 26 and that the mandate for the new goal is under the Paris Agreement.

Potential inputs to inform deliberations

20. Many Parties felt that CMA.3 should provide clarity on sources of inputs that will inform future deliberations. Some of these Parties also felt that outlining high-level technical inputs at this stage would help to guide future deliberations and keep the future approach focused. Additionally, many Parties expressed that there should be an approach to identifying inputs to inform deliberations that allowed a wide range of stakeholders to express their views.
21. Parties gave examples of stakeholders from which it would be useful to receive inputs. In addition to Parties, constituted bodies, and the operating entities of the Financial Mechanism, these included other international organisations, observer organisations to the UNFCCC, non-governmental organisations, and private sector organisations. One group suggested that there could be a dedicated request for inputs from a broad range of stakeholders in the first quarter of 2022. Technical workshops, including at the regional level, were also mentioned by many groups as a useful way to seek input in an inclusive manner.
22. Some Parties pointed to the wealth of information already available, and felt that the outcome at CMA.3 should include a list of existing and forthcoming inputs, including *inter alia*: reports from the Standing Committee on Finance (SCF), including the fourth (2020) biennial assessment and overview of climate finance flows as well as the first report on the determination of the needs of developing country Parties; reports from the Intergovernmental Panel on Climate Change; reports from other UNFCCC constituted bodies; NDCs and the NDC synthesis report prepared by the secretariat; national adaptation plans; and relevant reports from other international organisations, such as the OECD.

23. Some Parties suggested that the SCF could be tasked to compile or develop specific inputs for the deliberations on the new goal. Others expressed reservations about the SCF undertaking new dedicated technical work in this area, citing concerns about representativeness, lack of space in the SCF's future work plan, and the need for a broad range of expertise in compiling inputs. We also heard a suggestion that some form of independent evaluation body could be set up to assess developing country needs on climate action in the context of the new goal. However, several other Parties indicated they did not see any need to set up new bodies.

Interactions with other climate finance issues under the UNFCCC

24. Several Parties highlighted the need to consider how future deliberations on the new goal would interact with other climate finance issues under the UNFCCC. This was raised by various Parties in relation to, *inter alia*: the long-term finance agenda item and work programme; the reviews of the climate funds; the provision and consideration of *ex ante* Climate Finance information post-2020 under Article 9.5 of the Paris Agreement; and the Global Stocktake.

Further topics that should be addressed during future deliberations

25. In addition to the above, we heard a range of further topics that Parties felt needed to be considered during future deliberations on the new goal. These included, *inter alia*:
- linkages to the current USD 100 billion per year climate finance mobilisation goal and its delivery through to 2025, including lessons learnt;
 - the overall quantum for the new goal, with one initial proposal of a USD 750 billion mobilisation goal made up of public and private subcomponents being heard at the July Ministerial;
 - the importance of transparency and accountability;
 - specific geographic circumstances;
 - improved clarity on the composition, instruments, channels, and recipients of finance;
 - the balance between adaptation and mitigation;
 - accessibility of finance;
 - enhancing the mobilisation of private and innovative sources of finance, and the importance of enabling environments in this regard;
 - the relevance of approaches to averting, minimizing and addressing loss and damage;
 - who would contribute efforts towards the goal;
 - the importance of taking into account the needs and priorities of developing countries;
 - the importance of taking into account efforts to align all financial flows with the Paris Agreement; and
 - what is required in relation to finance in order to keep 1.5°C within reach.

Next Steps

26. The COP 25 Presidency and the incoming COP 26 Presidency would once again like to thank Parties and negotiating groups for their active participation and collaboration in the informal work we have undertaken thus far. In order to help Parties prepare for further discussions ahead

of and in Glasgow, we will continue to progress informal work ahead of the COP, building on our published plan for informal intersessional work on climate finance matters.⁴

27. Recognising from these informal bilateral consultations on the topic of the new collective quantified finance goal that Parties have clearly evolved their thinking, and noting the mandate to initiate deliberations formally at CMA.3, we now intend to undertake further technical informal bilateral consultations between the Presidencies and Parties to hear reactions to this reflections note, to further test views on other proposals, and to further understand expectations around the forward approach to be agreed in Glasgow.
28. To this end, alongside this reflections note, we are issuing a second open call for negotiating groups and Parties to have further focused 30-60 minute bilaterals with the Presidencies on this topic over the course of September. These will focus on the following questions:
 1. How should the approach to deliberations agreed in Glasgow specifically take into account the factors listed in previous decisions on the goal, namely those set out in Decision 14/CMA.1?
 2. What are your reactions to the proposed approaches for setting the goal outlined in this paper, in particular the shape of and relationship between technical and political work? Which suggestions do you think would lead to a new goal suitable for delivering on the Paris Agreement?
 3. What are your views on the appropriate mode of working in Glasgow, including but not limited to a CMA agenda item?
29. Interested Parties or negotiating groups who would like to make such representations are asked to indicate this to the incoming COP 26 Presidency by Sunday 19 September 2021 (by e-mail to cop26-moi@cabinetoffice.gov.uk). These representations will, in addition to the views expressed in previous consultations, help to inform future informal discussions, including as applicable our preparation for a further ministerial session on climate finance at pre-COP. Following this, we will provide a further iteration of this note detailing further views expressed by Parties concerning possible concrete elements of the outcome in Glasgow. As with all of the products of our informal work plan, this will be an informal product produced under our responsibility.
30. We would also like to emphasise that direct engagement between Parties on the topic of the new collective quantified goal ahead of COP 26 will be particularly important. We encourage all Parties to reach out to each other for further exchanges, so they can better understand each other's positions, and to work to find common ground ahead of COP 26 - recognising the unprecedented circumstances facing all Parties. Parties are encouraged to make use of this reflections note in doing so, with a view to finding consensus on the components we have

⁴<https://unfccc.int/process-and-meetings/bodies/supreme-bodies/conference-of-the-parties-cop/presidency-consultations-and-other-presidency-meetings/informal-consultations-by-the-cop-25-presidency-and-the-cop-26-incoming-presidency#eq-26>

outlined on designing the future approach to deliberations on the new goal. In doing so, we emphasise the challenge of rapidly developing textual proposals in Glasgow and the benefits of Parties informally engaging on text ahead of time. The Presidencies stand ready to facilitate further discussions and will continue to review if further intersessional work is needed ahead of COP 26.

Annex I - Guiding questions for our July and August informal bilateral consultations

1. Many Parties are in agreement that Glasgow must set out a process on the goal. What are the main components of this process that should be captured in the COP26 decision (e.g. what milestones for setting the goal between now and 2024)?
2. What working modalities should deliberations be undertaken through? Many Parties have noted that they see a dedicated CMA agenda item. Many have also noted the need for discussions at both the political and technical level; and others have suggested possible lessons learned from the setting of the USD 100bn goal and/or the design of the GCF.
3. Looking beyond COP26, what are the key substantive topics or questions that the deliberations on the new collective quantified (post-2025) goal need to consider, and how should deliberations interact with other climate finance agenda items where these topics are currently discussed?
4. Do you have any views on specific proposals that you have heard from other Parties in relation to the new collective goal deliberations?

Annex II - Specific proposals heard from Parties on timelines for setting the new goal

One group of Parties proposed that:

- In 2022, Parties should agree on synthesised technical inputs to inform the new goal;
- In 2023, these technical documents should be compiled, technical options for the new goal should be identified, and the qualitative scope of the new goal should be agreed through negotiations;
- In 2024 there should be a political negotiation to agree on the quantitative nature of the goal.

Separately, another group of Parties suggested an approach by which:

- In 2022, inputs would be gathered from Parties, international organisations and observers to be followed by deliberations on the qualitative and quantitative elements of the new goal at the May/June session, with these narrowed down at CMA.4;
- In 2023, there should be further negotiations on the qualitative elements of the new goal for agreement at CMA.5;
- In 2024, there should be negotiations on quantified dimensions of the new goal, with agreement being reached at CMA.6.

Annex III - Specific proposal heard for potential framing questions to guide deliberations

One group of Parties proposed seven questions:

- Who will receive, provide and mobilise finance?
- Which elements need to be seen in a collective goal?
- How can lessons learned from USD 100bn be integrated into the development of the new goal?
- What should be the timeframe of a new and collective goal?
- How can changing circumstances be taken into account?
- What will be the context of the new goal?
- How will Article 2.1c of the Paris Agreement be taken into account for the new goal?