



## **Tenth technical expert dialogue under the ad hoc work programme on the new collective quantified goal on climate finance**

### **Summary note**

#### **I. Introduction**

##### **A. Mandate**

1. The Conference of the Parties (COP) decided that, in accordance with Article 9, paragraph 3, of the Agreement, developed countries intend to continue their existing collective mobilization goal through 2025 in the context of meaningful mitigation actions and transparency on implementation; prior to 2025, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) shall set a new collective quantified goal (NCQG) from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries.<sup>1</sup>

2. CMA 1 decided to initiate at CMA 3 deliberations on setting the NCQG, in accordance with Article 9, paragraph 3, of the Paris Agreement, from a floor of USD 100 billion per year in the context of meaningful mitigation actions and transparency of implementation and taking into account the needs and priorities of developing countries, and agreed to consider in those deliberations the aim of strengthening 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.<sup>2</sup>

3. CMA 3 established an ad hoc work programme on the NCQG for 2022–2024 and decided to conduct four technical expert dialogues (TEDs) per year thereunder.<sup>3</sup> CMA 4 acknowledged the need to significantly strengthen the ad hoc work programme in the light of the urgency of scaling up climate action with a view to achieving meaningful outcomes from the deliberations on all elements and setting the NCQG in 2024 taking into account the needs and priorities of developing countries.<sup>4</sup>

4. CMA 5 decided to transition to a mode of work that enables the development of a draft negotiating text on the NCQG for consideration at CMA 6 and requested the co-chairs of the ad hoc work programme to develop and publish by March 2024 a workplan for 2024 taking into account submissions from Parties.<sup>5</sup> In addition, it decided to conduct at least three TEDs in 2024 to allow for in-depth technical discussions on the elements of the NCQG, to be held back to back with three

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<sup>1</sup> Decision 1/CP.21, para. 53.

<sup>2</sup> Decision 14/CMA.1, paras. 1–2.

<sup>3</sup> Decision 9/CMA.3, paras. 3 and 5.

<sup>4</sup> Decision 5/CMA.4, para. 8.

<sup>5</sup> Decision 8/CMA.5, paras. 1 and 12(a).

meetings under the ad hoc work programme to enable Parties to engage in developing the substantive framework for a draft negotiating text capturing progress made.<sup>6</sup>

5. Further, CMA 5 requested the co-chairs to prepare a summary of the discussions at each TED and information on progress made at each meeting under the ad hoc work programme and the way forward following each meeting.<sup>7</sup>

## **B. Details and objective of the dialogue**

6. TED 10 was held on 3 June 2024, from 15:00–18:00 CEST at the World Conference Center Bonn in Bonn, Germany. The objective was to facilitate a deeper shared understanding of views among the participants on the ambition, qualitative elements, structure and transparency aspects of the NCQG, drawing on the elements and options discussed at TED 9.<sup>8</sup> in Cartagena, Colombia.

7. More information on TED 10, including the programme, presentation slides and webcast, is available on the dedicated web page.<sup>9</sup>

## **C. Preparatory activities**

8. Ahead of TED 10, the co-chairs of the ad hoc work programme, Zaheer Fakir and Fiona Gilbert, prepared the workplan for 2024<sup>10</sup> referred to in paragraph 5 above, which includes themes for in-depth technical discussions at the TEDs and the approach to preparing the substantive framework for a draft negotiating text. Further, the co-chairs invited Parties and non-Party stakeholders<sup>11</sup> to submit views on TED 10, including suggestions for topics and subtopics and the format.

9. In addition, the co-chairs indicated that they were available for bilateral consultations upon the request of Parties or groups of Parties interested in sharing views on and expectations for TED 10.

## **D. Proceedings of the dialogue**

10. TED 10 was opened by the co-chairs of the ad hoc work programme and began with opening remarks by the UNFCCC Executive Secretary, Simon Stiell, and a representative of the COP 28 Presidency, Omar Ahmed Al Braiki. The co-chairs then took stock of the work undertaken under the ad hoc work programme to date and reflected on progress, providing highlights from TED 9 and the first meeting under the ad hoc work programme, and presented the organization of and expectations for TED 10.

11. Following an overview presentation on the enhanced transparency framework under the Paris Agreement (ETF) by a representative of the secretariat, two interactive panel discussions provided the opportunity to reflect on the topics

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<sup>6</sup> Decision 8/CMA.5, paras. 9–10.

<sup>7</sup> Decision 8/CMA.5, para. 12(d).

<sup>8</sup> See <https://unfccc.int/event/ninth-technical-expert-dialogue-under-the-ad-hoc-work-programme-on-the-new-collective-quantified>.

<sup>9</sup> <https://unfccc.int/event/tenth-technical-expert-dialogue-under-the-ad-hoc-work-programme-on-the-new-collective-quantified-1>.

<sup>10</sup> Available at <https://unfccc.int/documents/637635>.

<sup>11</sup> See <https://unfccc.int/documents/638395>.

and themes. After each panel discussion, participants engaged in open discussion and exchanged views on the topics at hand.

12. In the first panel discussion, Gard Lindseth (Norway) and Sofia Vargas-Lozada (Colombia) shared views on the ambition of the NCQG and Outi Honkatukia (Finland) and Michai Robertson (Samoa) shared views on its qualitative elements.

13. In the second panel discussion, Ben Abraham (New Zealand) and Chao Feng (China) shared views on the structure of the NCQG and Gabriela Blatter (Switzerland) and Julius Mbatia (Kenya) shared perspectives on transparency arrangements in relation to the NCQG.

14. A representative of the incoming COP 29 Presidency, Elmaddin Mehdiyev, delivered closing remarks.

## **II. Summary of discussions**

### **A. Ambition**

15. The panellists reflected on the range of views expressed by Parties, including from their national perspectives, on opportunities for framing ambition in relation to the NCQG, including from their national perspectives. Accordingly, there is a general recognition of the need to set an ambitious NCQG in the context of the current climate crisis to respond to the challenges at hand, but views differ on how to frame that ambition.

16. Parties have also recognized that developing countries are increasingly including ambitious climate action in national plans and policies such as nationally determined contributions (NDCs) and national adaptation plans, which requires adequate finance to ensure its implementation. Drawing on the experience of Colombia, which has set out plans for transitioning away from the high-emission activities that its economy relies upon, such as oil, gas and coal exploration, and whose creditworthiness could be downgraded by credit rating agencies consequently, one panellist underscored the need for the NCQG to avoid penalizing developing countries that are formulating ambitious climate plans and policies, highlighting the need to strike a balance between facilitating ambitious climate action while ensuring the right to economic development. In this context, the provision of loans, which were the main source of finance provided in the context of the USD 100 billion goal, to developing countries undergoing economic transition would put them at risk by increasing their level of indebtedness, particularly if provided at commercial market rates rather than on concessional terms.

17. Some Parties were of the view that an ambitious NCQG, by means of an ambitious quantum, could incentivize increased climate action by developing countries. In this regard, one panellist cautioned against setting climate finance as a precondition for formulating ambitious NDCs; instead, the NCQG could send signals that spur investment in NDCs. Other Parties underscored that ambitious action can only be formulated and implemented with the provision of adequate means of implementation, particularly climate finance.

18. Views were also shared as to what constitutes an ambitious NCQG, with some Parties arguing that an ambitious goal would involve mobilizing finance from public and grant-based sources, and others considering that finance should come from a wide variety of sources and contributors, recognizing that the broader the sources and contributor base, the higher and more ambitious the quantum could be. In this context, some participants underscored the need to discuss proposals on the quantum of the NCQG as this would lay the foundation for the goal, while others

were of the view that the quantum is dependent on other elements of the NCQG, such as time frame, scope and contributors, and therefore gaining clarity on those elements first would lead to determining the quantum.

## **B. Qualitative elements**

19. Participants underscored the importance of reflecting qualitative elements in the NCQG in order for it to deliver the transformational change needed to achieve the goals of the Paris Agreement and have impact on the ground, recognizing that the NCQG cannot be everything for everyone.

20. Some of the critical qualitative elements discussed that the NCQG could address include that the finance provided under the NCQG should be new and additional to official development assistance and other official flows and that the NCQG should address systemic inequities faced by many developing countries, including high costs of capital, high transaction costs, limited fiscal space, debt burden and assumptions of corruption.

21. One panellist underscored the need to clarify concessionality provisions in the form of minimum terms of conditions for climate finance provided or mobilized as loans and other debt instruments, covering interest rates, grace periods, maturity periods, service fees and debt resilient clauses. Concessionality provisions could also be defined according to the various response types, with concessional lending for mitigation action, and public and grant-based sources of finance for adaptation, addressing loss and damage, and readiness and transparency support.

22. Focusing on how access to finance can be enhanced under the NCQG, one panellist emphasized the need to enhance access across all channels, including but not limited to multilateral climate funds, particularly for bilateral and regional channels, including by harmonizing access procedures, increasing coherence and complementarity among climate finance providers, promoting direct access, simplifying application and disbursement processes and establishing minimum floors for certain types of recipient.

23. According to another panellist, qualitative elements could be grouped under four categories:

(a) Elements related to enhanced demand, including those related to sending policy signals and setting policy instruments to incentivize investment, reducing cost of capital, incentivizing financial disclosures and creating enabling environments, recognizing that enabling environments correlate with countries' levels of development, and that elements related to enhanced demand are regulated outside of the UNFCCC process;

(b) Elements related to scaling up supply for actors outside the UNFCCC process, including those related to facilitating the mobilization of domestic and private sources of finance, increasing fiscal space in developing countries and applying innovative instruments;

(c) Elements related to calls to action, including those related to highlighting the role of multilateral development banks, international financial institutions, national Governments and philanthropies;

(d) Cross-cutting elements such as enhancing access to and ensuring the effectiveness of climate finance, putting in place safeguards and ensuring gender-responsiveness.

24. Other relevant considerations identified include reflecting the rights and needs of children in the NCQG, the importance of establishing a common understanding or definition of climate finance and associated accounting methodologies, and recognizing that the provision and mobilization of climate finance under the NCQG could involve a range of contributors, without singling out individual countries, noting that many participants underscored that the contributor base of the NCQG is defined in the provisions of the Convention and the Paris Agreement, which outline the commitments of developed country Parties to provide climate finance to developing countries while other Parties are encouraged to provide or continue provide such support voluntarily.

### **C. Structure**

25. The critical role of structure in formulating the NCQG was highlighted. Participants noted the simplicity of the USD 100 billion goal but criticized its inadequacy in addressing the scale of needs and action required for addressing current climate challenges. Accordingly, the goal did not engage a wide range of actors necessary for effective climate finance provision and mobilization. It lacked detailed implementation measures, including a common understanding of what constitutes climate finance and clear accounting methodologies, resulting in the view that the finance was not new and additional but reallocated and reclassified as such, with the majority being provided in the form of loans, including at commercial market rates, instead of concessional loans and grants.

26. Consequently, the NCQG presents an opportunity to create a more ambitious and transformative goal that could send strong signals to governments, the private sector and the global community and overcome the limitations of the USD 100 billion goal through a more thoughtful and deliberate structure that encompasses both qualitative and quantitative elements, recognizing that the NCQG cannot meet the demands of all Parties.

27. The discussions highlighted the importance of developing a robust framework that ensures clarity and coherence in setting and achieving the NCQG and is flexible and adaptable to changing circumstances and emerging needs and priorities of developing countries. This would enable the goal to remain relevant and effective over time, accommodating new scientific insights and shifting financial landscapes. Furthermore, the need to ensure that the NCQG is inclusive and represents the interests of all stakeholders, especially those in vulnerable and developing countries, was emphasized.

28. While there was a common view that the NCQG could address multiple elements, in an additive manner, such as guiding principles, sources of finance, access provisions, thematic considerations and disempowering factors, including those outlined in the discussion on qualitative elements, without compromising core interests of Parties, differing views were expressed on how to frame the NCQG to that effect.

29. Recognizing that the NCQG is a continuation of the USD 100 billion goal, one panellist advocated for the NCQG to be structured accordingly, following a single-layered approach.

### **D. Transparency arrangements**

30. On the basis of experience from the USD 100 billion goal, participants highlighted the importance of a robust tracking and reporting mechanism for monitoring progress towards achieving the NCQG, thereby contributing to

enhancing transparency, accuracy, completeness, consistency and comparability, accountability and building trust among all Parties involved in line with the principles of the ETF. In this context, some participants called for a clear definition of climate finance and consistent accounting methodologies at the outset, including clarifying concepts such as additionality, grant equivalence and which sources to count as finance under the NCQG, with a preference for excluding the provision of loans. Similarly, with a view to ensuring accountability, some participants underscored the inherent roles and responsibilities of Parties in relation to the provision of climate finance under the NCQG given that non-Party stakeholders are not Parties to the Paris Agreement and hence not accountable to it.

31. Being a collective goal, participants emphasized the importance of having a collective framework for tracking progress towards achieving the NCQG. There was a strongly held view that the framework should encompass all dimensions of the goal, including quantitative and qualitative elements, building on existing arrangements, particularly in relation to the ETF and the Standing Committee on Finance, which could be mandated to prepare an aggregate report similar to the report on progress towards the USD 100 billion goal, either as a stand-alone report or in the context of its biennial assessment and overview of finance flows.

32. One panellist emphasized that the reporting under the ETF presents an opportunity to consider how climate finance is provided and mobilized vis à vis that needed and received, as relevant information will be submitted by developed and developing country Parties respectively in their biennial transparency reports. Such consideration could be undertaken during a multilateral assessment, such as the global stocktake, to assess the extent to which finance provided, mobilized and delivered relates to finance needed and received.

33. Panellists stressed that additional arrangements under and/or modifications to the ETF may need to be considered to enable tracking progress towards achieving the NCQG, recognizing that such additions or modifications would depend on the final outcome on the NCQG. In this regard, one panellist suggested establishing a two-year work programme under the Subsidiary Body for Scientific and Technological Advice for exploring ways to bridge information gaps and integrate sources of information where required information is not currently captured under the reporting under the ETF.

34. Panellists discussed the challenges posed by the time frame and data lag inherent to the reporting under the ETF. The biennial reporting schedule creates a lag between the availability of data and its collection and aggregation. For instance, data on climate finance provided and mobilized in 2025–2026 would have to be submitted by December 2028 for an aggregated report thereon to be made available in 2029.

35. Participants recognized that biennial communications submitted in accordance with Article 9, paragraph 5, of the Paris Agreement will play an important role in the transparency arrangements related to the NCQG. Developed country Parties will communicate information on the financial support that they intend to provide in the context of the NCQG, thereby contributing to enhancing predictability and clarity of information on climate finance to be provided to developing countries.

36. On the review of the NCQG, one panellist questioned the feasibility of a five-year review cycle, primarily owing to the challenges related to data lag. Accordingly, reviewing progress for two years within the proposed five-year cycle (e.g. 2025–2026 data in 2030) would not provide a reliable trend analysis.

Furthermore, the panellist suggested that any review should focus on providing guidance to Parties to ensure that they are on track to meeting the NCQG and would have to cover all its components, not just the quantum.

37. Participants also reflected on potential provisions on revision of the NCQG, with proponents for such revision emphasizing the importance of reflecting the dynamic nature of the needs of developing countries.

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