



30 October 2023

Seventh 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 Paris Agreement and prior to 2025, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) will set a new collective quantified goal on climate finance (NCQG) from a floor of USD 100 billion per year taking into account the needs and priorities of developing countries.¹

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.²

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.³ CMA 4 requested the co-chairs of the ad hoc work programme, with a view to significantly advancing substantive progress in 2023, to develop and publish by March 2023 a workplan for 2023,⁴ including themes for the TEDs to be held that year. It also requested the co-chairs to provide information on the discussions held and present information on the way forward, including possible options, following each TED.⁵

B. Meeting details and objective

4. TED 7 was held from 30 September to 2 October 2023 in Geneva, hosted by the Government of Switzerland represented by the Federal Office for the Environment.

¹ Decision 1/CP.21, para. 53.

² Decision 14/CMA.1.

³ Decision 9/CMA.3, paras. 3 and 5.

⁴ Available at <https://unfccc.int/documents/627534>.

⁵ Decision 5/CMA.4, para. 11(a) and (f).

5. The objectives of the dialogue were to discuss and identify options for ways to reflect qualitative elements of the NCQG and options for setting up transparency arrangements to track progress towards achieving the NCQG.

C. Preparatory activities

6. Ahead of TED 7, the co-chairs of the ad hoc work programme, Zaheer Fakir and Fiona Gilbert, issued a notification to Parties and non-Party stakeholders inviting them to submit their views on the organization of the dialogue, including topics, subtopics and the format.⁶ The following questions were provided to guide their submissions:

(a) What specific issues should be proposed for in-depth discussion at TED 7 with a view to identifying clear options regarding:

- (i) The qualitative scope of the goal;
 - (ii) The transparency arrangements under the NCQG;
- (b) What should be the format of TED 7?

7. In addition, the co-chairs indicated their availability for bilateral consultations upon the request of interested Parties or groups of Parties to hear their views on and expectations for TED 7.

D. Proceedings

8. The dialogue was opened by the co-chairs of the ad hoc work programme and began with opening remarks by Daniele Violetti on behalf of the UNFCCC secretariat, Gabriela Blatter of the Federal Office for the Environment, Government of Switzerland and Ambassador Mohamed Nasr, COP 27 Presidency lead negotiator. The co-chairs then provided an overview of the organization of the work of, and expectations for, the dialogue.

9. To facilitate interactive and outcome-oriented discussions, participants were divided into working groups and tasked with identifying and developing options, including the rationale for each option and highlighting associated challenges and opportunities, for ways to include qualitative elements in the NCQG and options for setting up transparency arrangements to track progress towards achieving the NCQG. When considering options, participants were guided by a set of example options developed and made available by the co-chairs of the ad hoc work programme prior to the dialogue.⁷ Participants considered the example options presented, modified and combined their preferred options and identified additional options. Each day of the dialogue started with thought-provoking presentations or panel discussions to steer the technical discussions and help inform the tasks of identifying options, including presentations from:

Day 1

- Amar Bhattacharya, Brookings Institution;
- Katherine Browne, Stockholm Environment Institute;
- Tracey Cumming, United Nations Development Programme Biodiversity Finance Initiative.

⁶ Available at <https://unfccc.int/documents/630363>.

⁷ Available at <https://unfccc.int/event/SeventhTechnicalExpertDialogue>.

Day 2

- Pdraig Oliver, UNFCCC secretariat;
- Chiara Falduto, Organisation for Economic Co-operation and Development (OECD);
- Sandra Guzman, Climate Finance Group for Latin America and the Caribbean.

Day 3

- John Nordbo, CARE;
- David Kaluba, Zambia;
- Gabriela Blatter, Switzerland.

10. The moderator of each working group reported back to the plenary on the options identified and then an open discussion among all participants followed.

11. The dialogue also included a session dedicated to identifying areas that require further political guidance at the 2023 high-level ministerial dialogue (HLMD) and at CMA 5.

12. Omar Al Braiki, a representative of the incoming COP 28 Presidency, delivered closing remarks, and the co-chairs outlined the next steps to be taken prior to TED 8, which include preparing a summary note of the discussions at TED 7 and preparing for the next dialogue.

13. The workshop programme, presentation slides and video recordings are available on the dedicated workshop web page.⁸

II. Summary of the discussions

A. Options for ways to frame the qualitative elements of the new collective quantified goal on climate finance

14. Participants discussed general considerations and identified and developed options for ways to frame the qualitative elements of the NCQG.

15. The general considerations on ways to frame the qualitative elements of the NCQG included, inter alia:

(a) The principles and provisions of the Convention and the Paris Agreement, particularly the principles of equity and common but differentiated responsibilities and respective capabilities, in the light of different national circumstances;

(b) The overarching principles of sustainable development, poverty eradication, human rights, gender responsiveness and intergenerational equity;

(c) Alignment with the overarching goal and with the objective of enhancing the effectiveness of the elements;

(d) Ways to ensure that the elements are measurable even if the indicators that allow for assessment of the progress and impact are qualitatively defined;

⁸ Available at <https://unfccc.int/event/SeventhTechnicalExpertDialogue>.

(e) Ways to ensure that the qualitative elements enhance and reinforce the achievement of quantitative targets;

(f) The level of ambition and outcomes to be achieved, such as limiting the global average temperature increase to 1.5 °C above pre-industrial levels or achieving net zero targets;

(g) Consideration of indicators as a means of measuring progress, with questions about whether the burden should be on countries at the national level or aggregated at the global level;

(h) Tracking progress, and reporting outcomes of qualitative elements integrating into the reporting process;

(i) Lessons learned in implementing qualitative elements and clarifying what is new and different compared with the goal of jointly mobilizing USD 100 billion per year;

(j) The need for clarity on the definition of qualitative elements, including identifying the difference between the qualitative elements and the principles of the NCQG;

(k) The need to reflect flexibility in setting the NCQG to account for changing needs and priorities and for the special circumstances of developing countries;

(l) The need to consider a diverse set of stakeholders, including governments, civil society, international organizations, MDBs and the private sector;

(m) Designing the elements using the best available science and information, allowing the flexibility to accommodate changing circumstances and evolving climate science;

(n) Whether qualitative elements can be captured as a principle of the NCQG or embedded further into subgoals;

(o) Whether qualitative elements should consider impacts, costs and funding from sources beyond climate finance;

(p) Whether qualitative elements address the issue of additionality, defining what qualifies as additional resources and linking to relevant financial instruments.

16. When identifying options for ways to determine the qualitative elements of the NCQG, participants based their discussions on the guiding questions and example options provided in the provisional programme shared with all participants ahead of the dialogue and made available on the dedicated workshop web page, noting that the options identified are not mutually exclusive and that some participants noted support for multiple options.

1. Options for ways to determine the qualitative elements of the new collective quantified goal on climate finance as a part of a set of principles

17. Proponents of this option suggested that the qualitative elements should be reflected in a paragraph with a chapeau to keep the goal as simple and direct as possible, consistent with Article 9 of the Paris Agreement. The proponents also considered the principles of the Convention and the Paris Agreement as well as the mandate of the NCQG as the basis for discussion. Some participants suggested that the chapeau could link to other relevant articles of the Convention and the Paris Agreement, while others suggested taking a lean approach to principles, emphasizing limiting the number of principles to avoid unnecessary negotiation.

18. Participants noted that the key qualitative elements in the preambular text could include those related to providers and recipients of funds, such as information on who is providing or mobilizing funds and where funds are directed. Participants suggested that the preambular text should align with the principles of the Convention and the Paris Agreement while considering the needs and priorities of developing countries. The same participants highlighted the importance of referring to grant-based or concessional finance in the paragraph with a chapeau, as a guideline for the implementation of the goal.

19. The paragraph with a chapeau should define the aim of the goal while setting the tone for the expected outcome of and context for the new goal. Participants expressed diverging views on the possible need to cluster qualitative elements in the paragraph with chapeau. For example, some principles could be universally applied to all Parties whereas some may concern groups of Parties.

2. Options for ways to determine the qualitative elements of the new collective quantified goal on climate finance as part of a set of principles and in the form of an aspirational goal

20. Many participants stated that qualitative elements could be both in a paragraph with a chapeau and operationalized throughout the goal. The proponents of this option noted that although elements in the paragraph would be broadly recognized they might not be followed through in the implementation phase. Participants noted that the elements reflected in the preambular text should provide context and set the tone for subsequent operational elements. Some participants held the view that limiting qualitative elements to a paragraph with a chapeau would dilute their importance of the elements. Participants also emphasized the importance of creating a structured architecture to cluster qualitative elements, highlighting the advantages and disadvantages of including them in the goal.

21. The operationalization of qualitative elements could be extended to thematic subgoals such as adaptation, mitigation and loss and damage, as well as to potential stand-alone qualitative elements of the goal, such as access. There was also a suggestion that the goal could be structured in layers, with each layer representing a different dimension of the goal and having qualitative dimensions. However, there were divergent views on ways to reflect qualitative elements in thematic subgoals.

22. Participants noted that identifying the roles of various stakeholders in the context of the new goal is important for its effective implementation. Therefore, the new goal should include a paragraph with expected types of contributions from diverse stakeholders, such as from national governments for creating a robust enabling environment, leveraging policy and regulatory framework, or from multilateral development banks (MDBs) for catalysing additional finance.

23. Some participants underscored the importance of certain qualitative aspects such as technology transfer and capacity-building, highlighting the challenges in quantifying those qualitative aspects.

3. Other qualitative elements to consider

(i) Access to climate finance

24. There was broad agreement among participants that access to climate finance is a key qualitative element and that improved access to climate finance is a recognized feature of the NCQG. Participants agreed on the need to simplify access to climate finance and streamline processes to accelerate implementation for vulnerable countries, including the least developed countries and small island developing States. Participants stressed the need for specific allocation and direct

access mechanisms for the most vulnerable and capacity-constrained countries. In this regard, the direct access modalities of the Green Climate Fund and the Global Environment Facility were acknowledged as simplified access procedures.

25. Participants also discussed the speed of disbursement on the ground. In this regard, participants considered the diverse needs of countries and regions, stressing the need for a balanced approach to addressing adaptation, mitigation, and loss and damage. Some participants highlighted the need to strengthen the capacity and enabling environment of subnational governments, local communities and Indigenous Peoples to increase their access to climate finance for implementing projects on the ground. Some participants suggested creating a platform to enhance access to other funding sources, such as bilateral finance, while other participants cautioned against creating additional barriers to accessing climate finance and emphasized the need to avoid imposing unnecessary conditionalities, including co-financing commitments by national governments.

(ii) *Effectiveness and efficiency*

26. Participants shared diverse understanding of efficiency and effectiveness, yet there was broad consensus that the support provided should have clear climate impact. Access was considered as one of the features to measure efficiency. Some participants highlighted the qualitative nature of impact and effectiveness, emphasizing that these elements should be integral to project evaluation. Some participants underscored the need to focus on the effectiveness of finance implementation, without compromising efficiency, while access to technology and capacity-building were emphasized as essential components to ensuring effectiveness.

27. Some participants also shared concerns about diverse frameworks by provider countries reporting posing challenge to understand the actual climate finance flow in the countries and its impact. Participants called for streamlined methodologies for determining the impacts of climate finance, to mitigate administrative costs and to ensure that funds effectively reach the intended beneficiaries on the ground.

(iii) *Debt stress of developing countries*

28. Many participants discussed the debt–climate nexus in developing countries, noting cases where developing countries allocate more resources to servicing debt interest than they have resources available for critical sectors such as health, education or climate action, and stressing that the impact of debt on national priorities makes it even more challenging for highly indebted countries to attract financial support. Some participants also highlighted the critical need for grant-based financing and for evaluating more options for increasing access to, and scale and availability of, concessional finance.

29. The discussion on debt levels highlighted the complexity across different sectors. The NCQG discussion emphasized a nuanced approach, for example, the NCQG should not contribute to constricting the fiscal space and should avoid actions that further exacerbate debt. Participants suggested exploring innovative instruments that can accommodate the national circumstances and needs of developing countries, particularly those experiencing high level of debt. Participants also suggested that the issue of debt levels may be more appropriately handled outside the UNFCCC process and the Paris Agreement.

(iv) Other

30. Participants highlighted other qualitative elements that should be included in the discussion, as follows:

(a) The importance of clearly defining responsibilities, as outlined in Article 9, paragraphs 1 and 5, of the Paris Agreement, which is important for effective planning and communication to enhance the overall effectiveness of climate finance;

(b) The lessons learned from USD 100 billion goal emphasize the need to go beyond quantum and assess outcome and impacts;

(c) Impact and country ownership were also identified as qualitative elements that should be included in the sub-goal.

31. Some participants stated that simple and streamlined goals should be formulated before elaborating on quantitative aspects. Others were of the view that a discussion on quality and transparency will follow once the goal is expressed in terms of the quantum and the time frame.

B. Options for tracking and reviewing progress on the new collective quantified goal on climate finance

1. Options for tracking and reviewing the progress on the new collective quantified goal on climate finance through the enhanced transparency framework

32. Participants discussed the various aspects that are and are not covered under the enhanced transparency framework (ETF). Participants identified various aspects, gaps and weaknesses in the ETF, acknowledging that the ETF has not yet been fully implemented and should be allowed adequate time to function because it provides avenues for reviewing ways to integrate new aspects and address weaknesses therein. Allowing such time would also create an opportunity to tailor any changes to the ETF for tracking and reviewing progress on the NCQG. Participants also noted that the ETF focuses on country-level reporting.

33. *Private sector finance reporting.* Participants reflected on whether private sector finance is an area that the ETF can fully capture. Among other, challenges in obtaining private sector information and tracking flows addressing the needs of the developing countries, especially in adaptation, were also highlighted. Participants raised concerns about double counting, and the viability and accountability of the private sector. Some participants highlighted that the NCQG should focus more on public sector finance than on the private sector.

34. *Support related to Article 2, paragraph 1(c), of the Paris Agreement.* There were divergent views on including Article 2, paragraph 1(c), of the Paris Agreement within the scope of the NCQG. Some participants expressed concerns in this regard, owing to a lack of common understanding of its relevance in the NCQG context, suggesting that its inclusion might be perceived as a distraction from the focus of the NCQG. The proponents for including Article 2, paragraph 1(c), considered it crucial to fulfilling the overarching goal of the Paris Agreement while providing a holistic perspective on climate finance. Some participants viewed Article 2, paragraph 1(c), in the context of Article 9 of the Paris Agreement.

35. Participants also identified other gaps and weaknesses and areas for improvement under the ETF, including:

(a) The challenges associated with different methodologies for reporting on climate finance flow, although participants recognized that there is scope for improvement over time;

(b) Lack of a common definition of climate finance, which makes it difficult to identify climate finance flows precisely. Participants underscored the need to develop a common understanding of climate finance in the context of the NCQG;

(c) Reporting on grant equivalency to assess the level of concessionality is currently voluntary in the ETF, which makes it difficult to measure the level of indebtedness of a country in the climate context;

(d) The current ETF doesn't have a specific provision for reporting on loss and damage;

(e) Lack of qualitative aspects in the ETF, such as gender responsiveness, as well as a lack of measurement of certain principles, such as "new and additional" and "predictability";

(f) Lack of clear data on domestic climate finance in the current ETF;

(g) Lack of clarity on how developed country Parties report on impacts;

(h) Lack of a way to measure how easily and speedily data on financial support provided and mobilized can be accessed, with issues relating to local access and gender responsiveness;

(i) Lack of clarity on how to report, in the ETF, any MDB outflow that is specifically dedicated to climate-related projects, posing challenges in assessing the contribution of MDBs;

(j) Lack of information on climate finance flows channelled through the operating entities.

36. Participants emphasized the need for capacity-building at the national level to improve the reporting process. There was also discussion around flexibility, namely that the reporting process should be designed so that, in the future, there can be additional considerations for the NCQG beyond what is currently in the ETF. The discussion also relates to lessons learned from the ongoing process with respect to reporting on the USD 100 billion goal.

(b) Other tracking and reporting system relevant to the new collective quantified goal on climate finance

37. There was consensus that the UNFCCC has a central role in establishing tracking and reporting systems, and leveraging the most relevant data from multiple sources. Some suggested that the Intergovernmental Panel on Climate Change (IPCC) be tasked with data synthesis and analysis. However, there were divergent views in this regard, in the light of the expertise of the IPCC in the climate finance landscape. Participants suggested integrating data from multiple sources of expertise, including the International Energy Agency, the International Renewable Energy Agency, MDBs, OECD, UNFCCC, the United Nations and Thomson Reuters, recognizing the importance of engaging with diverse stakeholders such as think tanks, non-governmental organizations and civil society. Some participants also suggested to also make reference to the Standing Committee on Finance (SCF) Forum and reports by the SCF. Another suggestion was to develop an online tool that could facilitate the provision of data by climate finance data producers and aggregators, building in quality checks and verification processes to avoid greenwashing.

38. Some participants suggested the ETF could potentially be the primary tracking system after closing the identified gaps during the discussion. Participants also noted the possibility of using a separate monitoring, reporting and verification process for the NCQG than for the ETF. There was also a suggestion to use the existing global stocktake process for aggregating and synthesizing data.

2. Options for an aggregate reporting of the new collective quantified goal on climate finance

39. Participants discussed general considerations and identified options for aggregate reporting on the NCQG. The general considerations included, inter alia:

(a) Clarity on the nature of the report, whether the report is purely technical or if it includes political aspects;

(b) Considering whether the report should be standalone or be part of broader framework (for e.g. biennial assessment and overview of climate finance flows (BA));

(c) Ensuring that support to developing countries reach their intended destinations, addressing concerns about high overheads and potential ties between implementing organization and donor countries;

(d) Considering reducing or eliminating other reporting requirements to avoid duplication when introducing new reporting requirements;

(e) Providing capacity-building support to developing countries on the reporting process.

(i) *Periodic technical aggregate report by the UNFCCC and the Standing Committee on Finance*

40. Participants acknowledged that data generated under the UNFCCC process can be considered as most relevant. The proponent of this option to generate this type of report suggested that, because Parties can issue mandates to the secretariat through decisions adopted by the governing bodies at sessions, the secretariat can be mandated, and has the expertise, to do so. A challenge in this context is that reports submitted to the secretariat are limited to reporting only by Parties under the Convention.

41. Another consideration explored was the report by the SCF. The proponents of this option reflected that the work of the SCF is driven by mandates from the COP and the CMA. Leveraging the expertise and experience of the SCF was considered to be potentially useful because its reports have a broader range of data sources, including from outside the UNFCCC process. The coordinating role of the SCF, and its representativeness, contributes to the legitimacy and trustworthiness of its reporting. However, participants shared concerns that the increased number of mandates issued to the SCF might affect its ability to fulfil its mandate to track the progress of the NCQG.

42. Some participants suggested establishing a special group that could involve Parties and non-Party stakeholders in reviewing and adding additional information by the SCF or the secretariat.

(ii) *Joint report by the UNFCCC and the Organisation for Economic Co-operation and Development*

43. Participants discussed the option of a joint report to be prepared by the UNFCCC and OECD. There was broad agreement among the participants that OECD can be considered as a source of data, given its expertise on data and analysis.

However, OECD cannot be considered as part of aggregation because OECD expertise is limited to OECD member countries only.

(iii) *Any other institutions*

44. Participants also suggested mandating the operating entities of the Financial Mechanism to report on the ways the operating entities respond to the NCQG.

45. Participants stressed the need to use processes such as the global stocktake for finding data sources beyond Parties' reporting.

46. Some participants suggested considering the use of IPCC data complemented by data generated under the UNFCCC process.

3. Frequency of the report

47. At TED 7, various options on frequency of the report were discussed and identified. There was discussion on the consideration of standalone transparency and reporting mechanisms for NCQG or embedding NCQG into existing transparency mechanism. Participants acknowledge that the frequency of reporting could depend on this. Some of the options for frequency of reporting are highlighted below:

(i) *Annual reporting*

48. Some participants proposed reporting annually as a way to provide regular updates that would allow to address concerns related to predictability and allow for quicker course correction. However, some participants argued that this option could be challenging owing to the limited availability of data.

(ii) *Biennial reporting*

49. There was consensus among the participants that biennial reporting was the most preferred option for reporting. This option would mandate Parties to submit reports every two years allowing for periodic updates and avoiding excessive reporting burden. Participants considered biennial reporting relevant when the purpose of reporting is to provide regular updates when limited data are available.

(iii) *Periodic reporting based on milestones*

50. Participants also discussed determining the frequency of reporting on the basis of a specific milestone. The report could be submitted when there is an update in the formation, for example flexible reporting based on the needs and priorities of the developing countries. This would allow flexibility and adaptability in reporting based on the context.

(iv) *Combined reporting frequency*

51. A hybrid approach to reporting could involve core information being reported biennially while specific updates or priority areas are reported annually.

(v) *Longer timeline for goal review*

52. There was also a discussion on the option of having a longer reporting cycle when the purpose of a report is to inform the updating or review of the goal itself.

C. Options on Party-driven periodic revision

53. Discussions focused on suggested options relating to time frames for the review, sources of information and modalities for the periodic revision of the NCQG.

(a) Time frame

54. Participants discussed general considerations and identified options for the time frame for the review. The general consideration, include, inter alia:

(i) Short time frame (five years)

55. The proponents of a five-year time frame for periodic revision of the NCQG emphasized the need for predictability of reporting (and therefore ensuring delivery thereof) and regular updates based on developing countries' needs and the best available science. A challenge for this option is the potential inefficiency of renegotiating the NCQG every five years, given the diverse budgeting cycles of countries.

(ii) Medium time frame (10 years)

56. The proponent of medium time frames aimed to strike a balance between aligning with providers' budgeting processes and ensuring effectiveness. The importance of aligning the time frame and the review process with the structure of the goal, including different time frames for qualitative elements such as gender, was highlighted. It was emphasized that the review process should be meaningful, informed by available data and in alignment with various data cycles.

(iii) Long time frame (more than 10 years)

57. A long-term time frame for the aspirational goal was proposed as an alternative option, complemented by clearly defined five-year interim targets and reviews.

(b) Sources of information

58. The discussion on sources of information covered a broad spectrum, including IPCC reports (because these reflect recent science); future reports by the new IPCC Working Group on Finance; adaptation gap reports by the United Nations Environment Programme; SCF reports on the biennial assessment and overview of climate finance flows and the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement; national communications under the Convention and the Paris Agreement; relevant reports from the International Energy Agency; and other reports guided by science, and needs and priorities of developing countries.

(c) Modality

59. There was consensus among participant for global stocktake as an agreed format for considering progress towards meeting the goals of the Paris Agreement, could incorporate the NCQG. Some participants cautioned against creating a new process when the global stocktake is already an established process on progress on the goals of the Paris Agreement.

60. There were divergent views on defining the trigger points for a review. However, participants agreed that significant global events such as the coronavirus disease 2019 pandemic, and inflation could be a trigger for review.

III. Way forward

61. In identifying options for determining qualitative elements and transparency arrangements, participants exchanged views on issues that may require further technical and political guidance at subsequent TEDs and at the 2023 HLMD, to be held in conjunction with CMA 5. This chapter highlights the key issues that emerged from the plenary and working group discussions at TED 7.

B. Elements for further technical consideration

62. Participants identified, inter alia, the following areas that may require technical consideration at subsequent TEDs to enable informed decision-making when setting the NCQG:

- (a) Consideration of elements that have not been discussed comprehensively so far, particularly, “access” and “channels” is needed to delve deeper into these topics in subsequent TEDs;
- (b) The integration of just transition into the NCQG process;
- (c) Clarity regarding how to measure private sector contributions;
- (d) Specific options related to the quantum of the goal that involve a detailed exploration of options with clear underlying assumptions, definitions and methodologies;
- (e) The narrowing of the options discussed at different TEDs, bringing additional structure to future dialogues and moving towards more specific and detailed discussions;
- (f) Detailed discussions on loss and damage at the technical level, including how loss and damage will be addressed in the context of the NCQG;
- (g) Transparency issues, particularly regarding the mobilization of funds beyond public finance, with an emphasis on understanding and incentivizing transparent reporting by non-Party stakeholders.

C. Elements for political consideration

63. Most participants identified the need for political guidance at the 2023 HLMD, particularly in relation to the following topics:

- (a) Guidance on budgetary processes reforms in developed countries to enable scale and efficiency;
- (b) Guidance on adverse impacts of response measures and unilateral measures, particularly how they create financial deficits in developing countries;
- (c) Guidance on how progress reports can reconcile different methodological approaches to ensure the correct number moving forward;
- (d) Guidance on how channels of resources can integrate the principles of equity and common but differentiated responsibilities, and adjust to effectively address the needs and priorities of developing countries;
- (e) How to take into account the needs and priorities of developing countries and the extent to which the NCQG should reflect these needs and priorities, namely whether to cover the total estimates of costed needs and priorities or a share thereof;

- (f) Guidance and clarity regarding the scope and financial resources of the goal that it impacts various aspects of the goal, because addressing these may identify more common ground among high-level politicians and allow them to develop a road map;
- (g) Guidance on the contributor base;
- (h) Guidance and clarity regarding the linkages and inclusiveness of adaptation and loss and damage finance in the NCQG while recognizing the ongoing discussions on loss and damage;
- (i) Guidance on how the quantum of the goal will be determined and how it will encompass adaptation needs, just transition and mitigation processes;
- (j) Guidance on the time frame for seeking to understand different perspectives on whether there should be a time frame, a review or neither ;
- (k) Guidance on qualitative and quantitative issues regarding establishing the basis for contributions;
- (l) Guidance on the nature, structure and sources of the NCQG;
- (m) Guidance on roles of the operating entities under the Financial Mechanism in the context of the NCQG;
- (n) How the technical outcomes of the TEDs will be considered at the political level and in the final outcome of the NCQG, considering the needs and priorities of developing countries;
- (o) How the NCQG will respond to the ambitions of developing countries, while addressing the high cost of capital for climate action in these countries and incorporating funding for loss and damage within the NCQG;
- (p) Whether the new goal will be science-based and emphasize the importance of aligning the new goal with scientific calculations to meet climate finance needs.

64. With regard to the format for the 2023 HLMD, some participants suggested organizing the event as a combination of round-table and breakout group/small cluster discussions, allowing ministers more opportunities to intervene and interact.
