



Compilation and synthesis of inputs on the sixth technical expert dialogue under the ad hoc work programme on the new collective quantified goal on climate finance

I. Introduction

A. Mandate

1. The Conference of the Parties 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 its third session 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 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 invite Parties, constituted bodies under the Convention and the Paris Agreement, the operating entities of the Financial Mechanism, climate finance institutions, observers and observer organizations and other stakeholders, particularly from the private sector, to submit inputs via the submission portal on each technical expert dialogue to be held, on the basis of guiding questions, well in advance of each dialogue to allow for the inputs to be reflected in the organization of the dialogues.⁴

4. CMA 4 also requested the co-chairs of the ad hoc work programme to develop and publish by March 2023 a workplan for 2023,⁵ including themes for the technical expert dialogues to be held that year, and invited Parties to submit views on the issues to be addressed as part of the workplan.⁶

¹ Decision 1/CP.21, para. 53.

² Decision 14/CMA.1.

³ Decision 9/CMA.3, paras. 3 and 5.

⁴ Decision 5/CMA.4, para. 11(b).

⁵ Available at <https://unfccc.int/documents/627534>.

⁶ Decision 5/CMA.4, paras. 11(a) and 12.

B. Background

5. The co-chairs of the ad hoc work programme provided Parties and observers with the following set of questions to guide the inputs on the sixth technical expert dialogue:⁷

(a) What specific issues should be proposed for in-depth discussion at the sixth dialogue, with a view to identifying clear options regarding?

(i) How the quantum should be set? and

(ii) Mobilization and provision of financial resources?

(b) What should be the format of the sixth dialogue, noting that it is shorter in duration compared to the fifth dialogue?

6. In addition, the co-chairs expressed their availability for bilateral consultations upon request by interested Parties or groups of Parties to hear their views on and expectations for the sixth dialogue.⁸

C. Scope

7. This compilation and synthesis summarizes the inputs received on the sixth technical expert dialogue, to be held from 12 to 13 June 2023, on the basis of the above-mentioned guiding questions. It takes into account written submissions from Parties and non-Party stakeholders and oral inputs provided by Parties to the co-chairs in the bilateral consultations.

8. A total of 15 submissions had been received as at 28 May 2023⁹ (see the annex for a list).

9. Chapter II presents an overview of the inputs on the organization of the sixth technical expert dialogue, including on the proposed topics and subtopics, as well as rationale for the proposals and possible guiding questions, and on expected outcomes and outputs of the discussions. It then summarizes the views on the format of the dialogue, covering, inter alia, stakeholder participation, organization of the dialogue and use of resource persons.

II. Inputs on the sixth technical expert dialogue

A. Topics and subtopics

1. Quantum

10. Recognizing the linkages across elements and themes that have been or will be discussed in relation to the NCQG, many submissions underscored that discussions on the quantum should build on previous discussions on the elements of scope, structure, time frame and process for reviewing and updating the goal. Several submissions highlighted that the anticipated time frame of the goal is closely related to considerations regarding the quantum, with one pointing out that the quantum cannot be defined before these elements have been extensively discussed at the political and technical level.

11. Some submissions emphasized that the discussions on the NCQG and its quantum should be based on the principles and provisions of the Convention and the Paris Agreement,

⁷ The co-chairs' message from 12 April 2023 is available at <https://unfccc.int/documents/627735>.

⁸ Seven Parties or groups of Parties expressed interest in bilateral consultations, which were convened in May 2023.

⁹ Available at <https://unfccc.int/topics/climate-finance/workstreams/NCQG/submissions-from-parties-and-non-party-stakeholders>.

including the principle of common but differentiated responsibilities and respective capabilities, and that, in the context of Article 4, paragraph 5, of the Paris Agreement and Article 4, paragraph 7, of the Convention, the extent to which developing countries effectively implement their commitments depends on the effective implementation by developed countries of their commitments.

12. Some submissions also reiterated that the quantum of the NCQG should be based on evidence and the best available science and take into account the needs and priorities of developing countries, a variety of methodological perspectives and assumptions. Other submissions proposed that the quantum should take into consideration the finance gaps resulting from developed countries not meeting their goal of jointly mobilizing USD 100 billion per year by 2020 and through to 2025.

13. In line with decisions 1/CP.21, paragraph 53, 14/CMA.1, 9/CMA.3 and 5/CMA.4, many submissions communicated that the quantum should take into account the needs and priorities of developing countries, including those needs to implement the Paris Agreement, such as capacity-building and technology development and transfer, in line with national plans, policies and programmes. Several submissions highlighted that the NCQG must be informed by scientific findings from the Intergovernmental Panel on Climate Change and reports of the International Energy Agency, International Renewable Energy Agency, Organisation for Economic Co-operation and Development, and Independent High-Level Expert Group on Climate Finance. Some submissions emphasized the usefulness of the work of the Standing Committee on Finance on the report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement as a source of information that could inform the quantitative element of the NCQG, as well as national reports submitted by developing country Parties to the UNFCCC, such as nationally determined contributions, national adaptation plans and long-term low-emission development strategies. Discussions at the sixth technical expert dialogue could help to clarify how such knowledge products could inform the development of the quantum.

14. Several submissions reiterated that the quantum should reflect a balanced provision of climate finance between mitigation and adaptation, recognizing the urgent need for adaptation action in developing countries, with some submissions highlighting the need also for balanced provision of support for addressing loss and damage.

15. Two submissions pointed out that the provision of "taking into account the needs and priorities of developing countries as stipulated in the aforementioned decisions does not indicate that all the needs and priorities can or must be fully reflected in the NCQG, but that they should inform the discussion and formulation of the goal. Therefore, discussions at the sixth dialogue should clarify how this provision can be reflected in the framing of the goal.

16. Some submissions communicated the need for the NCQG, including its quantum, to be periodically updated on the basis of available science to reflect the changing needs and priorities of developing countries, for a specific time frame which may result from changing circumstances, including macroeconomic variables such as inflation. One submission highlighted a preference for a goal with a 2025–2030 time frame and defined outputs and outcomes.

17. Many submissions proposed discussing the methodology or approach to be used to determine and periodically assess the quantum of the NCQG. Some proposed taking a bottom-up approach, such as identifying the financial resources needed or where finance gaps exist, recognizing the difficulties that some developing countries may encounter in estimating their needs. Others emphasized that the lack of availability of such data and information must not constitute a barrier to determining an adequate quantitative goal that reflects developing countries' needs. As part of discussing the methodology for determining the quantum of the goal, some submissions proposed discussing phases, such as (in no particular order):

(a) Collecting and analysing of sources of information and data on the needs and priorities of developing countries for adaptation, mitigation and addressing loss and damage, which could be tasked to the Standing Committee on Finance or an ad hoc committee;

- (b) Identifying lessons learned from the goal of jointly mobilizing USD 100 billion per year by 2020 and through to 2025;
- (c) Costing identified needs and priorities for adaptation, mitigation and addressing loss and damage;
- (d) Identifying a range for the quantum that takes into account the needs and priorities of developing countries;
- (e) Agreeing on a quantum as part of the high-level ministerial dialogue on the NCQG;
- (f) Agreeing on transparency and accountability arrangements.

18. An agreed methodology or approach used to determine the quantum of the NCQG could also be applied to periodically update the quantum. Such a methodology or approach should take into account potential factors that could inform the quantum of the goal, such as extreme weather events and resulting loss and damage. One submission proposed that working groups could be tasked with identifying a list of such factors. Two submissions proposed exploring how a global goal with a finance component has been framed and formulated under other international conventions, such as the Kunming-Montreal Global Biodiversity Framework.

19. Some submissions identified linkages between the quantum, transparency arrangements and review or revision of the NCQG, such as periodically assessing the adequacy, scale, and progress towards achieving the quantum. Discussions on such linkages could be informed by outcomes under the enhanced transparency framework and the global stocktake. In this context, the role of the Standing Committee on Finance in reviewing progress towards achieving the goal was identified, by reviewing financial data reported on climate finance mobilized and provided, assessing the adequacy of financial support provided by developed to developing countries, identifying areas for improvement and providing recommendations in its reports to the CMA. One submission identified linkages between the quantum of the NCQG and other elements such as the deliberations on long-term climate finance and arrangements related to biennial communications in accordance with Article 9, paragraph 5, of the Paris Agreement. Other submissions suggested to cover the global goal on adaptation in the discussions.

20. The following questions were proposed to guide the discussions:

- (a) What are the ways/options for determining the quantum of the NCQG?
- (b) How can the quantum be set in a manner that reflects or takes into account the (changing) needs and priorities of developing countries?
- (c) How can the needs and priorities of developing countries be identified and quantified?
- (d) What reports or bodies can assist in determining the quantum and how?
- (e) How can the needs and priorities of developing countries be addressed using different sources, like domestic, public, private and international sources of finance?
- (f) How can the quantum reflect different national circumstances and sustainable development priorities?

2. Mobilization and provision of financial resources

21. Some submissions identified the need to discuss the composition of financial sources and how they can be reflected in the NCQG, as well as potential instruments. One submission highlighted the need for clarity on the range of actors that will provide and mobilize finance under the NCQG, in line with the principles and provisions set out in the Convention and the

Paris Agreement. Some submissions proposed discussing in more detail contributors to the NCQG.

22. Some submissions proposed that discussions on the mobilization and provision of financial sources could help to identify options for reflecting different sources and actors in framing the NCQG, for example by:

(a) Differentiating between contributors by means of, e.g. a goal or target of developed country Parties' contribution to the provision and mobilization of climate finance in line with Article 9, paragraphs 1 and 3, of the Paris Agreement and a voluntary or aspirational goal or target of other Parties contributing to the goal in line with Article 9, paragraph 2, of the Paris Agreement;

(b) Differentiating the types of source (international, domestic, public, private, concessional, non-concessional finance, innovative, etc.);

(c) Differentiating between mobilization, provision and alignment of financial resources;

(d) Identifying a set of principles, such as e.g. avoiding shifting burden to developing countries, especially the least developed countries, and avoiding increasing their existing debt levels of developing countries;

(e) Identifying a set of criteria for burden-sharing between developed countries in order to enhance predictability, transparency and accountability and, as such, implementation of provisions outlined in Article 9, paragraph 5, and Article 13 of the Paris Agreement.

23. Two submissions reiterated the financial obligations of developed countries towards developing countries as outlined in Article 9, paragraphs 1–3, of the Paris Agreement. Accordingly, based on these obligations, there is no mandate to discuss contributors to the goal. Another two submissions indicated that the size of the contributor base will have an impact on the quantum, with one submission identifying countries with significant emission levels and robust economies, including those that identify as developing country Parties under the Paris Agreement as a potential contributor to the goal.

24. Another submission made the case that developed country institutions, such as aid organizations and development banks, should be more ambitious when providing bilateral finance, and advocated for expanding multilateral financial sources, such as by increasing the capital base of multilateral development banks and permitting additional lending with present capital levels.

25. One submission suggested setting two subtargets related to financial sources: one for the provision of public grant-based and concessional finance, which should be channelled predominantly through the operating entities of the Financial Mechanism, and one covering all types of instrument and source, with developed country Parties to take the lead in mobilizing sources. Another submission proposed that the NCQG differentiate between a global investment target, an international public mobilization support target, possible quantitative targets representing the realignment of financial flows with the goals of the Paris Agreement and, qualitative targets associated with the realignment of finance flows with the goals of the Paris Agreement.

26. Some submissions identified the need to discuss and clarify the relationship between the finance provisions under Article 9 and provisions under Article 2, particularly paragraph 1(c), of the Paris Agreement. Many submissions reiterated that Article 2 of the Paris Agreement describes the purpose and goal of the Paris Agreement and paragraph 15 of decision 9/CMA.3 determines that the aim of the NCQG is to contribute to accelerating the achievement of Article 2 of the Paris Agreement of holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse

gas emission development in a manner that does not threaten food production; and making finance flows consistent with a pathway towards low greenhouse gas emission and climate-resilient development.

27. Some submissions identified that, since implementing Article 2, paragraph 1(c), of the Paris Agreement is a key enabler for achieving Article 2, paragraph 1(a–b), discussions during the dialogue could help to provide clarity on how the NCQG can be framed in this context. Other submissions reiterated that the NCQG should be discussed in the context of Article 2 in its entirety in a manner that reflects the principles of equity and common but differentiated responsibilities and respective capabilities.

28. One submission emphasized that there is no linkage between the NCQG and provisions under Article 2, paragraph 1(c), of the Paris Agreement as the latter refers to the nature of finance flows rather than their quantification. The submission underscored the lack of a common definition or understanding of Article 2, paragraph 1(c), and that this is being discussed as part of the Sharm el-Sheikh dialogue on Article 2, paragraph 1(c) and its complementarity with Article 9 of the Paris Agreement, after which any complementarity with the NCQG may be discussed. While one submission highlighted that implementing the provisions under Article 2, paragraph 1(c), of the Paris Agreement, can be essential for enhancing the amount of readily available and reasonably priced financing for climate action, two submissions highlighted that the operationalization of Article 2, paragraph 1(c) does not substitute developed country Parties' obligations of provision and mobilization of finance to developing countries, in accordance with Article 9 of the Paris Agreement.

29. In identifying how to reflect financial instruments in the NCQG, some submissions acknowledged that public finance is one of the crucial financial resources, particularly for adaptation, and recommended thinking about creative solutions to close the gap in resource mobilization. One submission suggested that, when discussing options for reflecting public and private sources in the NCQG, due consideration should be given to the risks of relying on private financing to achieve objectives and the opportunities provided by multilateral public financing to close current finance gaps. Where private financing is used, it is essential that it be affordable, transparent and sustainable, for instance with fair lending terms that adhere to responsible lending and borrowing principles and be in line with the UNFCCC reporting process. Another submission emphasized the need to improve reporting on channels used and delivery of national financial contributions to developing countries. To increase transparency and accountability and avoid discrepancies, one submission proposed that a common accounting methodology for climate finance flows be developed under the NCQG.

30. The following questions were proposed to guide the discussions:

- (a) How can the NCQG be framed in the context of Article 2 in the outcome setting the goal in 2024?
- (b) How can the NCQG help to ensure a broader base of mobilization and delivery of climate finance?
- (c) How can the NCQG promote both increasing climate finance flows and aligning finance flows with climate objectives?

B. Format

1. Stakeholders

31. Some Submissions reiterated that the sixth technical expert dialogue should be innovative, open, transparent and inclusive, allowing for broader and more diverse

participation of non-State actors such as representatives of international financial institutions, multilateral development banks, ministries of finance, civil society, youth, Indigenous Peoples, academia and external technical experts, with special consideration given to representing gender and the most vulnerable and less represented groups.

2. Submissions

32. One submission proposed that, ahead of the sixth dialogue, a summary of the key findings and inputs submitted be captured in a summary presentation to be prepared by the co-chairs highlighting commonalities of views and identifying issues for further discussion to guide the technical work under the ad hoc work programme.

3. Approach

33. One submission suggested that the sixth dialogue be conducted in a manner that facilitates interactive substantive exchanges of views, while avoiding repetitive discussions with a view to leading to concrete outcomes. Two submissions proposed that a topic should be carried over to the next dialogue where needed to ensure progress. It was highlighted that the outcomes of the discussions on the quantum should be fed into the upcoming discussions on quality of finance at the seventh dialogue. To ensure wide participation, the sixth dialogue should be organized in hybrid format.

34. Several submissions proposed that participants at the dialogue be divided into working groups to have focused exchanges on specific topics or elements that require further discussion and are oriented by comprehensible questions that facilitate reaching common ground, identifying areas that require further discussion and agreeing on technical recommendations. One submission suggested that the scene-setting presentations be used to inform the questions to be discussed in the working groups. Another submission underscored that scene-setting presentations could provide available information on the quantitative and qualitative needs of developing countries in the context of the goals of the Convention and the Paris Agreement.

35. One submission suggested that the working groups be structured around key issues that influence the quantum of the goal. As topics are interrelated, technical discussions could take place in separate working groups tackling how Article 2, paragraph 1(c), of the Paris Agreement influences the quantum, and another one on how needs and priorities of developing countries influence the quantum, etc.

36. Several submissions suggested that, following the sixth dialogue, the outcomes of the discussions should be presented in a summary report to capture progress, summarizing the different views expressed in a balanced manner and the options identified by participants on the basis of the topics discussed, presenting guidance on the way forward, including options, and provisional programmes for the next technical expert dialogue.

4. Structure

37. Several submissions suggested replicating the format of the fifth technical expert dialogue where time was divided between presentations, working groups and general discussion.

38. Recognizing that the sixth dialogue will be shorter in duration than the fifth dialogue, some submissions suggested limiting the discussions to one topic, namely quantum.

5. Resource persons

39. Some submissions proposed that speakers, facilitators and moderators be invited ahead of the dialogue and be different from those for previous dialogues. Other submissions suggested that gender balance be taken into account in choosing the resource persons and the 'no women, no panel' approach be taken. Speakers from external technical expert groups

such as multilateral development banks, international financial institutions, the private sector and other external stakeholders should be considered for making presentations.

Annex

Submissions on the sixth technical expert dialogue under the ad hoc work programme on the new collective quantified goal on climate finance

<i>Party/group of Parties/non-Party stakeholder</i>	<i>Date submission received</i>
Climate Strategies on behalf of Strengthening National Climate Policy Implementation	10 May 2023
Costa Rica on behalf of the Independent Association of Latin America and the Caribbean	16 May 2023
India on behalf of the Like-minded Developing Countries	18 May 2023
International Chamber of Commerce on behalf of the International Chamber of Commerce and the UNFCCC constituency of business and industry non-governmental organizations	12 May 2023
India on behalf of the Like-minded Developing Countries	18 May 2023
Least developed countries	24 May 2023
Norway	16 May 2023
Saudi Arabia on behalf of the Arab Group	15 May 2023
Save the Children on behalf of Save the Children International	10 May 2023
Sweden and the European Commission on behalf of the European Union and its member States	11 May 2023
United Kingdom	11 May 2023
United Nations Capital Development Fund	23 May 2023
United Nations Conference on Trade and Development	10 May 2023
WWF	9 May 2023
Youth Climate Movement or International Youth Climate Movement	16 May 2023
Zambia on behalf of the African Group	28 May 2023