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Agenda item 10(e)

Matters relating to finance

New collective quantified goal on climate finance

**Ad hoc work programme on the new collective quantified
goal on climate finance**

Report by the co-chairs

Addendum

**Summary and key findings of the eighth technical expert dialogue
under the ad hoc work programme on the new collective quantified
goal on climate finance**

Summary

This addendum presents a summary, including key findings, of the eighth technical expert dialogue under the ad hoc work programme on the new collective quantified goal on climate finance, as part of the report by the co-chairs of the ad hoc work programme on the work conducted in 2023.



Abbreviations and acronyms

CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	Conference of the Parties
HLMD	high-level ministerial dialogue
NCQG	new collective quantified goal on climate finance
Transitional Committee	transitional committee on the operationalization of the new funding arrangements for responding to loss and damage and the fund established in paragraph 3 of decisions 2/CP.27 and 2/CMA.4

I. Proceedings

1. As part of the work conducted in 2023 under the ad hoc work programme on the NCQG, the co-chairs of the ad hoc work programme, Zaheer Fakir and Fiona Gilbert, convened the eighth technical expert dialogue on taking stock of the work in 2023. The dialogue, which was held on 28 November 2023 in Dubai, United Arab Emirates, with over 110 in-person and 17 virtual participants, was aimed at:

(a) Reflecting on the work done in 2023, including progress made to date and any issues that may require further attention;

(b) Focusing on forward-looking discussions to drive progress towards setting the NCQG in 2024.

2. The co-chairs of the ad hoc work programme issued a message to Parties and non-Party stakeholders ahead of the dialogue inviting them to make submissions on the topic and subtopics of the eighth technical expert dialogue as well as on its format, providing guiding questions to form the basis of their inputs.¹ In response, a total of 10 submissions were received.²

3. Taking into consideration the submissions received from Parties and non-Party stakeholders, the co-chairs, with the support of the secretariat, developed the programme for the eighth technical expert dialogue and identified and invited resource persons to participate in the dialogue. In addition, the co-chairs, with the support of the secretariat, prepared session briefs and background documents, including a compilation and synthesis of the submissions received, to assist participants in preparing for and to guide the discussions at the dialogue, and convened a briefing meeting with the resource persons to clarify any issues before the dialogue.

4. The dialogue was open to Parties as well as observers registered to participate at COP 28. It was conducted in a hybrid format and webcast to facilitate the participation of all interested Parties and non-Party stakeholders. Representatives of governments, multilateral development banks, non-governmental organizations, academia, civil society, including youth, and the private sector contributed positively to the discussions.

5. Daniele Violetti, Senior Director of Programmes Coordination, and Mohamed Nasr, COP 27 Presidency chief negotiator, provided opening remarks. The co-chairs of the ad hoc work programme then gave a short introduction to the dialogue and presented the key findings of the technical expert dialogues held in 2023 and their reflections on the work undertaken in 2023 so far, based on the information in their report to CMA 5.³

6. A panel discussion took place between two representatives of developed country Parties, two representatives of developing country Parties and two representatives of non-Party stakeholders, during which they shared their reflections on the work undertaken in 2023 and on the outlook for 2024. Participants of the dialogue were then divided into working groups to engage in in-depth discussions and exchange views on the basis of guiding questions. The moderator of each working group reported on the outcomes of the discussions, and these reports were followed by an open discussion among all participants. The dialogue concluded with participants sharing their views on the outlook for 2024. The dialogue programme, presentation slides and webcast recording are available on the UNFCCC website.⁴

¹ In accordance with decision 5/CMA.4, para. 11(b).

² The submissions are available at <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx> (search for “FCCC/PA/CMA/2022/L.19, para. 11 b”).

³ FCCC/PA/CMA/2023/11.

⁴ <https://unfccc.int/event/eighth-technical-expert-dialogue-under-the-ad-hoc-work-programme-on-the-new-collective-quantified>.

II. Summary and key findings

7. This subchapter presents a non-exhaustive summary of the views expressed during the substantive and rich discussions held at the eighth technical expert dialogue.

A. Reflections on the work undertaken in 2023

1. Milestones and achievements

8. Participants in the dialogue appreciated the leadership of the co-chairs in the second year of the ad hoc work programme and the opportunity to engage with them during informal consultations prior to each dialogue.

9. It was highlighted by participants that the technical expert dialogues held in 2023 were structured well. The topics were identified well in advance of each dialogue and included in the 2023 workplan; this enabled participants to prepare for the dialogues and ensured that all topics would be discussed. Guiding questions and examples of options for elements of the NCQG provided by the co-chairs ahead of each dialogue helped to keep discussions targeted, which, in turn, allowed time for discussions on options for several elements.

10. The clear articulation and mapping of concrete options for the elements of the NCQG was seen by participants as one of the main achievements of the dialogues in 2023. Options were identified for, inter alia, the time frame and the structure, including quantitative and qualitative elements, of the NCQG. Options were also identified for ways to (1) determine the quantum of the NCQG, in the context of its aim of contributing to accelerating the achievement of Article 2 of the Paris Agreement; (2) frame the mobilization and provision of finance from different sources; (3) frame the qualitative elements of the NCQG; and (4) track and review progress towards achieving the NCQG. This process helped participants understand the various views on the different elements, the rationale behind each option, associated challenges and opportunities, and the interconnectedness of the various options and elements. The summary notes prepared by the co-chairs that outlined the options identified at each dialogue were considered useful in assisting participants to comprehend them.

11. Participants recognized the inclusive nature of the technical expert dialogues, including their involvement of a wide range of non-Party stakeholders, such as the private sector and civil society, and underscored the need to maintain an inclusive and participatory process for the dialogues, which they saw as especially important as the ad hoc work programme enters its final year.

12. Participants considered that suitable resource persons, who were able to provide useful inputs to the discussions, had been selected, and appreciated the information shared by resource persons from the scientific community. The co-chairs were commended for maintaining gender balance of the resource persons. Some participants acknowledged the importance of the dialogues taking place in different regions to ensure a balanced exchange of views and the wide participation of non-Party stakeholders.

13. Some participants also acknowledged the usefulness of the submissions from Parties and non-Party stakeholders prior to each dialogue, which helped participants consider and understand various ideas. The compilation and synthesis of the submissions on each dialogue prepared by the secretariat was recognized as a useful input to the dialogues, particularly for those participants who had insufficient time to read the submissions.

2. Challenges encountered and lessons learned

14. Participants identified challenges encountered and lessons learned in relation to the technical expert dialogues held in 2023, ranging from structural to procedural aspects.

15. Regarding structural aspects of the dialogues, participants expressed the following views:

(a) The consideration of the elements of the NCQG under discussion in clusters, including regarding the time frames, structure, ways to determine the quantum and to frame

the mobilization and provision of financial sources, ways of framing the qualitative elements, tracking and reviewing progress, and revision, proved to be both an advantage and a challenge because the clusters are interrelated and various elements of the NCQG are interdependent; in this regard, agreeing on some elements of the goal in 2023 could limit the options for other elements of the goal;

(b) Discussions on some elements of the NCQG, such as its quantum, quality of finance, thematic scope, sources of finance and transparency arrangements, were perceived too broad in scope; considering the outcome to be achieved in 2024, in-depth discussions could be more appropriate;

(c) The sources of information referred to in the dialogues on, inter alia, finance flows were to a large extent reports from the Organisation for Economic Co-operation and Development; going forward, more information and data from the Intergovernmental Panel on Climate Change and other institutions could serve as inputs to the dialogues;

(d) The lack of a common definition of climate finance continues to present a challenge in determining what will count as climate finance when tracking progress towards achieving the NCQG;

(e) In the context of climate finance, the discussions at the dialogues focused on the experience of and challenges encountered by countries with larger economies; in 2024, more attention should be given to countries with smaller economies and their challenges and circumstances.

16. Regarding procedural aspects of the dialogues, participants expressed the following views:

(a) The dates and venues of the dialogues were communicated at short notice, making it difficult for some participants to plan their participation. Similarly, the guiding questions for the dialogues could have been made available earlier to provide participants with more time to prepare written submissions on the basis of those questions, enabling the submissions to feed into the dialogues better;

(b) The summary notes prepared by the co-chairs could have been more succinct, and could have identified interlinkages between the elements of the NCQG and articulated the information or inputs needed from non-Party stakeholders to inform the discussions;

(c) Some participants from small delegations had difficulty in participating in all of the dialogues;

(d) There was a lack of consideration of the substance of the submissions made in 2022 and a lack of their thorough integration into the compilation and synthesis for each dialogue as well as the annual report of the ad hoc work programme;

(e) The current format of the HLMDs is not conducive to the provision of clear guidance as an outcome as it does not allow for real engagement and interactive dialogue among ministers;

(f) The lack of funding available to ensure the participation in the dialogues of all interested Parties and non-Party stakeholders constrains broad participation; similarly, limiting regional dialogues to a predefined number of participants and setting quotas for participation restricts inclusive participation.

3. Areas that require further attention

17. Recognizing that most elements of the NCQG were discussed at the 2023 technical expert dialogues, some participants identified elements or areas that require more in-depth discussion at the technical level and those that require more guidance at the political level.

18. Areas that would benefit from further technical consideration and clarification include:

(a) The thematic scope and quantum of and transparency arrangements for the NCQG;

- (b) The structure of the NCQG, including whether and how to define its layers or subgoals;
- (c) The structure of draft decision text, including headings, milestones, guidelines and principles;
- (d) The implementation of the NCQG, including how to ensure a smooth transition from implementation of the goal of mobilizing jointly USD 100 billion per year by 2020;
- (e) The evolving nature of the NCQG, including how to capture this when defining the goal;
- (f) The sources of finance and the financial instruments to be used;
- (g) The role of various actors, in particular multilateral development banks, climate funds and the private sector, in achieving the NCQG;
- (h) The burden-sharing arrangements among developed countries;
- (i) The relationship between the NCQG and Article 2, paragraph 1(c), of the Paris Agreement;
- (j) The relationship between the NCQG and Article 9, paragraph 5, of the Paris Agreement;
- (k) The definition of climate finance in order to determine what will count as climate finance under the NCQG, including how to determine what climate finance is new and additional;
- (l) The reflection of the concept of a global effort, as outlined in Article 9, paragraph 3, of the Paris Agreement, when setting the NCQG;
- (m) The articulation of principles to be applied to avoid increasing the debt distress of already indebted developing countries, including by learning from United Nations organizations and their formulation of such principles;
- (n) The quality of finance, particularly the articulation of the just transition principle in the NCQG;
- (o) The impact and effectiveness of the NCQG with regard to reducing emissions and increasing resilience in the transparency arrangements to track progress towards achieving the NCQG;
- (p) The recognition of interlinkages between the NCQG and other UNFCCC workstreams such as the Glasgow–Sharm el-Sheikh work programme on the global goal on adaptation, the Sharm el-Sheikh mitigation ambition and implementation work programme, the work programme on just transition pathways referred to in the relevant paragraphs of decision 1/CMA.4, and the global stocktake;
- (q) The limits to what could be agreed as part of the NCQG as well as where to address issues that cannot be covered by the NCQG.

19. Elements of the NCQG that would benefit from further political guidance include its thematic scope, quantum, contributor base and time frame. The contribution of different actors to achieving the NCQG also requires consideration from a political angle.

B. Outlook for 2024

1. Possible elements for guidance to be provided to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session

20. Recognizing the substantive interconnectedness of the elements of the NCQG, some participants noted the difficulty in deliberating on specific elements in 2023 and 2024 in the absence of clarity on some of the fundamental elements, should a decision on those elements only be taken at CMA 6. Therefore, the suggestion was made that the 2023 HLMD and deliberations on the NCQG at CMA 5 could provide clarity and guidance on a number of

substantive issues to accelerate progress in 2024, including those related to the following elements or areas of the NCQG:

- (a) Time frame;
- (b) Structure;
- (c) Thematic scope;
- (d) Sources of finance;
- (e) Transparency arrangements;
- (f) Underlying principles, such as common but differentiated responsibilities and respective capabilities, the need for a just transition, and the provision of climate finance that is new and additional while avoiding increasing the debt distress of developing countries;
- (g) Transformative elements that maximize ambition and scale of the goal, ensuring it is ambitious, aspirational and implementable;
- (h) Linkages with political processes outside the UNFCCC process.

2. Working modalities for 2024

21. Recognizing the progress in identifying options for the elements of the NCQG in 2023, participants highlighted the need to move to a more holistic discussion that is conducive to compromise, takes into account interlinkages of the elements of the goal, and transitions away from identifying options towards narrowing them down and translating them into draft decision text for consideration at CMA 6.

22. When modifying the mode of work, ensuring the legitimacy, inclusivity and transparency of the technical expert dialogue process was highlighted as a potential guiding principle, which could be achieved by, inter alia, ensuring geographical representation, the engagement of all Parties and non-Party stakeholders (such as the private sector, local and rural communities, and Indigenous Peoples) and gender balance in the dialogues. Budgetary implications and the necessity for funding arrangements to ensure inclusivity in participation were raised in this context. The need for continued trust-building, including on the basis of the lessons learned from the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation, was also raised by a number of participants.

23. Various proposals were made to accelerate progress on the NCQG in 2024, with some participants highlighting the need to learn from other UNFCCC processes such as the work of the Transitional Committee and the global stocktake. Proposals included:

- (a) Using the technical expert dialogue process to narrow down options for elements of the NCQG and move forward in technical work, with parallel engagement at the political level to focus on issues of a more political nature;
- (b) Assigning the Subsidiary Body for Implementation to recommending draft decision text for consideration at CMA 6, taking into account submissions from Parties and other non-Party stakeholders;
- (c) Mandating the co-chairs of the ad hoc work programme to prepare draft text or textual elements or to conduct intersessional technical work that serve as inputs to the technical expert dialogues and are included in the report of the co-chairs to CMA 6;
- (d) Establishing an ad hoc working group similar to previous groups established for negotiations, such as the Ad Hoc Working Group on the Durban Platform for Enhanced Action;
- (e) Establishing a committee based on the Transitional Committee or a hybrid model alongside the technical expert dialogues, where the committee would translate the outcomes of the dialogues into draft decision text for consideration at CMA 6. However, some participants emphasized that the format inherent to such a committee would not allow for the inclusive participation of all relevant non-Party stakeholders and is not fit for purpose

for the NCQG process, highlighting that it is a very different process to the process of establishing a fund.

24. Engagement in the NCQG at the political level only at CMA 6 was considered too late by most participants. Instead, the need for ensuring such engagement either from early in 2024 or in the second half of the year was highlighted. Participants also indicated that the format of political discussions should be conducive to engagement and dialogue. Regarding the HLMD, some participants highlighted the need for a change in format for 2024. Suggestions for earlier and improved political engagement and enhancement of the HLMD included:

(a) Involvement at the heads of delegation level early in the year, with later ministerial-level engagement;

(b) Bilateral ministerial consultations;

(c) Ministerial consultations on the margins of the sessions of the subsidiary bodies, at the Pre-COP or at other high-level events, such as the United Nations General Assembly, the Petersberg Climate Dialogue or meetings of the Group of 20.

25. In the light of the substantive interlinkages and interconnectedness among the elements of the NCQG, the need for the co-chairs of the ad hoc work programme to provide a clearly structured workplan early in 2024, taking into account submissions from Parties, was highlighted by participants. Proposals for actions to be taken by the co-chairs of the ad hoc work programme in this regard included:

(a) Ensuring that the work under the dialogue process is streamlined; is conducive to translating options into decision text; recognizes interlinkages, interconnectedness and trade-offs between options; and covers areas that were not sufficiently addressed in 2023;

(b) Aggregating options for NCQG elements into substantive packages, including in draft decision format, taking into account their interlinkages;

(c) Adjusting the timing of the technical expert dialogues in 2024, for example convening the last dialogue ahead of CMA 6 or reducing the number of dialogues but increasing the number of days of the last dialogue;

(d) Changing the organization of the technical expert dialogues, for example reducing the number of breakout group sessions and scene-setting presentations;

(e) Taking into account the substantive elements of previous submissions;

(f) Defining the relationship between the NCQG and the global stocktake;

(g) Considering interlinkages of the NCQG with processes outside the UNFCCC process, such as efforts to reform multilateral development banks.
