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Item 8(e) of the provisional agenda

Matters related 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

Summary

This report contains information on the work conducted by the co-chairs of the ad hoc work programme on the new collective quantified goal on climate finance in 2022, including the technical expert dialogues. It presents a summary of the technical expert dialogues and the key findings.



Abbreviations and acronyms

CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	Conference of the Parties
NAP	national adaptation plan
NDC	nationally determined contribution
SB	sessions of the subsidiary bodies
SCF	Standing Committee on Finance

I. Introduction

A. Mandate

1. COP 21 decided that, prior to 2025, the CMA shall set a new collective quantified goal on climate finance 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 deliberations on setting the new goal at CMA 3.² CMA 3 established an ad hoc work programme on the new collective quantified goal on climate finance for 2022–2024, to be facilitated by co-chairs, one from a developed country and one from a developing country. It decided to conduct four technical expert dialogues per year as part of the work programme, with one to be held in conjunction with the first regular session of the subsidiary bodies and one to be held in conjunction with the session of the CMA, and the two remaining dialogues to be organized in separate regions with a view to facilitating inclusive and balanced geographical participation.³
3. Furthermore, CMA 3 requested the co-chairs of the ad hoc work programme to prepare an annual report on the work conducted thereunder, including a summary of and key findings from the technical expert dialogues, for consideration by the CMA.⁴

B. Scope of the report

4. This report presents the work conducted under the ad hoc work programme on the new collective quantified goal on climate finance in 2022, including the three technical expert dialogues held so far. It also presents a summary of and key findings from the dialogues. The report will inform the deliberations at the high-level ministerial dialogue on the new collective quantified goal on climate finance to be held on 9 November 2022 in Sharm el-Sheikh.
5. The outcomes of the fourth technical expert dialogue for 2022, to be held in conjunction with CMA 4, will be covered in an addendum to this report.

C. Possible action by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

6. The CMA may wish to consider this report, particularly its key findings, and provide further guidance on the ad hoc work programme.

II. Work conducted under the ad hoc work programme on the new collective quantified goal on climate finance in 2022

A. Organization of work

7. CMA 3 invited the President of the CMA to appoint the co-chairs of the ad hoc work programme for 2022.⁵ After consulting with Parties, Alok Sharma, President of COP 26, CMP 16 and CMA 3 appointed Federica Fricano (Italy) and Kishan Kumarsingh (Trinidad and Tobago) as co-chairs of the ad hoc work programme for 2022.⁶
8. Following their appointment, the co-chairs, in accordance with the CMA decision, undertook preparatory and outreach, including web-based, activities with a view to ensuring

¹ Decision 1/CP.21, para. 53.

² Decision 14/CMA.1, para. 1.

³ Decision 9/CMA.3, paras. 3 and 5.

⁴ Decision 9/CMA.3, para. 9.

⁵ As per decision 9/CMA.3, para. 3.

⁶ See https://unfccc.int/sites/default/files/resource/Information_note_announcement_of_co_chairs.pdf.

open, inclusive, transparent and participatory technical expert dialogues, such as issuing relevant notifications to Parties and stakeholders ahead of each one.

B. Proceedings of the technical expert dialogues

9. Following consultations with Parties and stakeholders, and guided by the President of CMA 3, the co-chairs of the work programme, with the support of the secretariat, developed programmes for each technical expert dialogue, identified and invited resource persons to participate in the dialogues. All technical expert dialogues were open to observers, conducted in hybrid format and webcast to facilitate participation of all interested Parties and non-Party stakeholders. Representatives of government, multilateral development banks, non-governmental organizations, academia, civil society, including youth, and the private sector contributed positively to the discussions at the dialogues.

10. In addition to developing programmes, the co-chairs, with the support of the secretariat, prepared background documents and sessions briefs to help participants to prepare for and to guide the discussions at the technical expert dialogues. Following each dialogue conducted thus far, the co-chairs prepared a reflections note under their own responsibility. The reflections notes present a non-exhaustive set of views capturing the substantive and rich discussions held at the technical expert dialogues. Each reflections note aimed at providing structure for the discussions at the subsequent dialogue, ensuring that the dialogues build on one another and that all topics are covered during the year.

1. First technical expert dialogue.

11. The first technical expert dialogue⁷ took place from 24 to 25 March 2022 in Cape Town, hosted by the Government of South Africa through its Department of Forestry, Fisheries and the Environment, with 80 in-person and 140 virtual participants.

12. Prior to the dialogue, the co-chairs circulated an informal note⁸ and session briefs containing guiding questions to help focus the discussions, drawing on the rich views and ideas presented in the submissions from Parties and observers. The dialogue comprised six sessions:

- (a) Session 1: setting the scene – the new collective quantified goal on climate finance in the context of contributing to accelerating the achievement of Article 2 of the Paris Agreement;
- (b) Session 2: lessons learned from mobilization of climate finance;
- (c) Session 3: identified needs and priorities of developing country Parties;
- (d) Session 4: quantity, quality, scope and access features, as well as sources of funding, of the goal and transparency arrangements to track progress towards achievement of the goal;
- (e) Session 5: other elements of the new collective quantified goal on climate finance for further consideration in the ad hoc work programme;
- (f) Session 6: summary of next steps.

13. The aim of the dialogue was to initiate work on all aspects of the COP and CMA decisions relevant to the goal,⁹ with the views exchanged thereon and the outcomes of the discussions captured in the form of a ‘landscape of issues’ identified by the co-chairs in their reflections note.

⁷ The programme, presentations, webcasts and reflections note are available at <https://unfccc.int/event/first-technical-expert-dialogue-under-the-ad-hoc-work-programme-on-the-new-collective-quantified>.

⁸ Available at https://unfccc.int/sites/default/files/resource/FirstTechnicalExpertDialogue_CCNote.pdf.

⁹ Decisions 1/CP.21, para. 53; 14/CMA.1; and 9/CMA.3.

2. Second technical expert dialogue

14. The second technical expert dialogue¹⁰ was convened from 13 to 14 June 2022 in Bonn in conjunction with SB 56. About 250 in-person and 76 virtual participants took part in the discussions.

15. The aim of the second technical expert dialogue was to progress in building enhanced understanding among actors towards setting the new collective quantified goal on climate finance and to identify a road map, including milestones, and areas for elaboration in 2022 against the backdrop of the landscape of issues identified at the first dialogue. The dialogue comprised two sessions:

- (a) Session 1: landscape of issues;
- (b) Session 2: milestones, approaches and elements in 2022.

3. Third technical expert dialogue

16. The third technical expert dialogue¹¹ took place from 6 to 9 September 2022 at the Asian Development Bank headquarters, Metro Manila, Philippines, with about 90 in-person and 280 virtual participants contributing to the discussions. The dialogue was hosted by the Government of Philippines through the Climate Change Commission and the Asian Development Bank.

17. Taking into account feedback provided by Parties during the consultations at SB 56, the co-chairs of the ad hoc work programme sought to organize the third technical expert dialogue to allow for ‘deep dive’ discussions on specific elements identified in decision 9/CMA.3, paragraphs 15–16, and the landscape of issues presented by the co-chairs in their previous reflections note. Specifically, the third technical expert dialogue discussed the following topics: the needs and priorities of developing countries, the roles of public and private actors in the new collective quantified goal, and sources and instruments. In addition, to deepen engagement with the experts, the third technical expert dialogue provided space in the form of ‘expert input round tables’ to facilitate direct interaction between Parties and experts. The dialogue comprised six sessions:

- (a) Session 1: characteristics of the needs and priorities of developing countries;
- (b) Session 2: experiences of translating needs and priorities into projects and programmes and how these can inform the new collective quantified goal on climate finance;
- (c) Session 3: needs and priorities in the context of setting the new collective quantified goal on climate finance;
- (d) Session 4: experiences of translating needs and priorities into national finance strategies and investment plans;
- (e) Session 5: the role of the public and private finance in mobilizing and delivering climate finance;
- (f) Session 6: public–private engagements on charting the way forward.

18. Financial support for conducting activities under the ad hoc work programme in 2022 was provided by the Governments of Germany, Italy and the United Kingdom of Great Britain and Northern Ireland. Additionally, support was provided by the Government of South Africa through the Department of Forestry, Fisheries and the Environment and the Government of Philippines through the Climate Change Commission and the Asian Development Bank for convening the first and third technical expert dialogues.

¹⁰ The programme, presentations, webcasts and reflections note are available at <https://unfccc.int/event/second-technical-expert-dialogue-under-the-ad-hoc-work-programme-on-the-new-collective-quantified>.

¹¹ The programme, presentations and webcasts and reflections note are available at <https://unfccc.int/event/third-technical-expert-dialogue-under-the-ad-hoc-work-programme-on-the-new-collective-quantified>.

C. Outreach activities

19. **Information update webinar:** following their appointment the co-chairs of the ad hoc work programme conducted an information update webinar on 15 March 2022.¹² The aim of the webinar was to provide an opportunity for the co-chairs to update Parties and other stakeholders on activities under the ad hoc work programme. It also aimed to inform them on preparations for the first technical expert dialogue. To accommodate participants in different time zones, two sessions were held at different times of the day.¹³ The webinar was attended by 119 participants.

20. **Regional consultations:** to ensure a transparent, open and inclusive work programme from the outset, a series of regional consultations was held with Parties and other stakeholders: the first round on 29 March 2022 during Middle East and North Africa Climate Week in Dubai,¹⁴ and the second on 20 July 2022 during Latin America and the Caribbean Climate Week in Santo Domingo.¹⁵ The aim of these regional consultations was to consult with experts from and operating in these regions on their views, expectations and priorities related to the process of setting the new collective quantified goal on climate finance.

21. **Bilateral meetings:** the co-chairs convened a series of bilateral meetings with Parties and groups of Parties during SB 56. The aim of the bilateral meetings was to seek Parties' views, expectations and priorities in relation to the ad hoc work programme.

22. **Consultations with constituted bodies:** CMA 3 requested the co-chairs to maintain regular consultations with the UNFCCC constituted bodies, in particular the SCF, as well as United Nations agencies, climate finance experts, academia, and private sector and civil society actors with a view to informing the work programme.¹⁶ First, the co-chairs interacted with the SCF at its 27th meeting, which was held back-to-back with the first technical expert dialogue. The co-chairs informed the SCF on their workplan for conducting the ad hoc work programme in 2022 and the objectives of the first technical expert dialogue. The SCF invited the co-chairs to provide regular updates at its future meetings. The next consultation was held during SB 56, where the co-chairs met with representatives of the constituted bodies on 11 June 2022 to provide an update on ongoing and planned activities and to explore synergies in their respective work.

23. **Engagement with the private sector:** during the first technical expert dialogue and consultations with Parties, the importance of the role of the private sector in the process of setting the new collective quantified goal on climate finance and mobilizing climate finance was highlighted. The co-chairs participated in a round-table dialogue during SB 56, held in hybrid format on 9 June 2022, which brought together delegates and private sector stakeholders to exchange perspectives on the role of the private sector across areas of climate finance work, including the new collective quantified goal on climate finance and the Needs-based Finance Project.¹⁷ In addition, they held a private sector stakeholder engagement event on 20 July 2022 in conjunction with the Latin America and the Caribbean Climate Week. The purpose of the two engagements was to initiate and identify areas of incremental engagement of private sector stakeholder groups in the ad hoc work programme as well as the types of private sector finance stakeholders and groups that could be involved and the stages of involvement over the next two years.

¹² See <https://unfccc.int/event/information-update-from-the-co-chairs-of-the-ad-hoc-work-programme-on-the-new-collective-quantified-0>.

¹³ Information on the webinar is available at <https://unfccc.int/event/first-technical-expert-dialogue-under-the-ad-hoc-work-programme-on-the-new-collective-quantified>.

¹⁴ See <https://unfccc.int/event/the-new-collective-quantified-goal-on-climate-finance-an-arab-perspective>.

¹⁵ See <https://unfccc.int/event/new-collective-quantified-goal-on-climate-finance-a-latin-american-and-caribbean-perspective>.

¹⁶ Decision 9/CMA.3, para. 4.

¹⁷ Further information is available at https://unfccc.int/NBF_Project.

III. Summary of and key findings from the technical expert dialogues

A. Summary

24. In accordance with the mandate outlined in decisions 1/CP.21, 14/CMA.1 and 9/CMA.3, the co-chairs of the ad hoc work programme aimed to organize the technical expert dialogues to facilitate deliberations on the new collective quantified goal. The technical expert dialogues were structured to ensure that the technical discussions at the dialogues build on those held at the previous dialogues.

1. First technical expert dialogue

25. **Role and objectives of the new collective quantified goal on climate finance:** participants underscored the opportunities for the new collective quantified goal on climate finance to accelerate implementation of the Paris Agreement by supporting developing countries in implementing their NDCs. It also provides an opportunity to rebuild confidence in the climate finance negotiations and discussions on the basis of experience and lessons learned in mobilizing climate finance, including in relation to the goal of developed countries' mobilizing jointly USD 100 billion per year by 2020. Participants highlighted that the new collective quantified goal on climate finance should not only be quantitative but also include a qualitative element. It needs to be a driver for transforming the way climate finance is currently mobilized, accessed and delivered. They emphasized that the new collective quantified goal on climate finance should reflect a long-term perspective and send a strong signal to various actors engaged in the climate finance architecture to make available finance that is fit-for-purpose so as to enable the ambitious climate action needed to achieve the goals of the Paris Agreement.

26. **Possible elements of the new collective quantified goal on climate finance:** there was general recognition of the multiple elements of the goal and the linkages across each element, with possible sub-elements or sub-goals relating to actors, thematic areas, sectors, financial instruments and recipients.

27. Participants pointed to the need to cover all aspects of the goal referred to in the relevant COP and CMA decisions while avoiding overcomplicating its design. In terms of thematic scope, it was highlighted that the goal should cover adaptation and mitigation, with differing views on covering loss and damage.

28. Participants underscored that the quantitative and qualitative elements of the new collective quantified goal should take into account the needs and priorities of developing countries and their development pathways and be guided by principles such as predictability, accountability, transparency and additionality. In view of the dynamic nature of those needs and priorities, the importance for the new collective quantified goal on climate finance to provide a framework to account for periodic adjustments reflecting such changes was discussed.

29. **Access to climate finance:** the new collective quantified goal on climate finance can provide greater predictability and assurances to developing countries that funds will be available for their adaptation and mitigation projects. The need for a clear formulation of the goal with respect to various climate finance delivery channels was highlighted since a range of actors with different access requirements will deliver the needed financial resources towards the new goal. Participants identified the need for specific allocations and direct access mechanisms for the most vulnerable and capacity-constrained countries and communities, which could be reflected in sub-goals relating to access, such as simplified access modalities consistent with the ambition level of pathways chosen by developing countries or for small-scale activities related to climate action. In addition, the new collective quantified goal on climate finance should enable access to climate finance by subnational governments and local communities and indigenous peoples. Further, the goal should be gender-responsive and promote inclusivity while fostering enabling environments for

increasing absorptive capacity of developing countries and capacity to plan and design projects.

30. Participants highlighted the important role of the private sector in both the process of setting the goal and mobilizing climate finance, recognizing that the private sector comprises diverse stakeholder groups, including banks, corporations, institutional investors and asset and fund managers from both developed and developing countries that act at the international and national level. Hence, there is merit in engaging with private sector stakeholders in order to better understand barriers to and drivers of private investment and their potential involvement in relation to the goal. The interaction between the private and public sector was also highlighted: the needs of the private sector must be understood in order to address barriers to investment, which can help the public sector to engage the private sector in order to enhance the scale and effectiveness of climate finance.

31. **Sources and instruments:** participants identified the need for a variety of sources of finance, including public and private, and new and innovative. They recognized the importance of public and grant-based sources, particularly for adaptation projects, as well as the need to further clarify the role of public sources in leveraging private capital.

32. **Transparency:** there was general recognition that the enhanced transparency framework under the Paris Agreement provides a solid basis for tracking progress towards achieving the new collective quantified goal on climate finance, recognizing that aspects that are not covered under the current framework may require further clarification, inter alia:

(a) The role of the SCF biennial assessments and overview of climate finance flows in tracking progress;

(b) The need for a common definition or shared understanding of climate finance and agreed methodology for accounting climate finance provided, mobilized and received;

(c) Modalities for tracking private finance flows;

(d) Tracking the effectiveness and impacts of climate finance from both recipient and provider perspective;

(e) Linkages of the new collective quantified goal with ex ante information on climate finance to be provided by Parties in line with Article 9, paragraph 5, of the Paris Agreement.

2. Second technical expert dialogue

33. Building on the first technical expert dialogue, the second technical expert dialogue provided further insights into the landscape of issues identified by the co-chairs of the ad hoc work programme. In the second dialogue some trends began to emerge, enabling a transition to the third technical expert dialogue in a manner that captures the breadth and spirit of the landscape of issues and their sequencing in the discussion, while ensuring that all issues will be covered comprehensively and given sufficient time for discussion in the future.

34. **Principles or characteristics of the new collective quantified goal on climate finance:** participants highlighted that the new collective quantified goal on climate finance should be accessible and inclusive, adequate, based on science and human rights, effective, predictable, measurable, transparent, time bound, consistent with the principles of the Convention and the Paris Agreement, and responsive to the needs and priorities of developing countries. These principles, as identified, underpin the issues discussed at the dialogue.

35. **Role and objectives of the new collective quantified goal on climate finance:** in addition to the views shared during the first technical expert dialogue, participants also highlighted that the new collective quantified goal on climate finance presents an opportunity to create incentives for both providers and recipients of climate finance to make finance flows consistent with a pathway towards low greenhouse gas emission and climate-resilient development. In this context, they identified the need to further explore the implications of this objective for other provisions of and commitments under the Convention (notably Article 4) and the Paris Agreement (notably Article 9) related to providing financial support to developing countries.

36. **Elements of the new collective quantified goal on climate finance:** participants reiterated their recognition of the multiple elements of the goal and the linkages across each element. They recalled that the goal should take into account the needs and priorities of developing countries and their development pathways, with possible elements or sub-goals that could be expressed in quantitative or qualitative terms. Among the qualitative elements of the goal, participants suggested covering, inter alia, effectiveness of climate finance mobilized and delivered, type of financing instruments, and thematic and geographic distribution of climate finance, highlighting the need for further clarification of the scope and content of qualitative elements.

37. **Needs and priorities of developing countries:** participants referenced a range of information sources available on the needs and priorities of developing countries that may be considered in subsequent technical expert dialogues, including national, regional and global reports, and the work of the SCF through its report on the determination of needs of developing country Parties related to implementing the Convention and the Paris Agreement.¹⁸ The information ranges from top-down assessments of needs (i.e. quantifying investment costs for global adaptation and renewable energy needs) to bottom-up processes, such as through needs identified in NDCs and/or national and regional needs assessments.

38. **Sources of climate finance and the role of climate finance actors:** discussions reiterated the need for continuous private sector involvement in the dialogues to better understand the barriers to and drivers of private investment, building on those identified in the first technical expert dialogue, and to clarify the role of private sector involvement in relation to the new collective quantified goal on climate finance. Insights from UNFCCC processes, relevant work under United Nations agencies, conventions, forums and coalitions, and by the private sector, non-governmental organizations and research institutions can be considered to improve identification of opportunities for and barriers to private sector finance.

39. **Synergies:** discussions also underscored that the new collective quantified goal on climate finance provides an opportunity for an interactive and cyclical process of setting the new goal and applying bottom-up approaches, facilitating open, inclusive and transparent deliberations among all interested stakeholders based on data and science. Specifically on the synergies, participants noted the need to avoid duplication and overlap with other work and processes under and outside the UNFCCC, such as in relation to the global stocktake; the enhanced transparency framework; the global goal on adaptation; the work of the SCF, including its report on progress towards the goal of mobilizing jointly USD 100 billion per year; finance for addressing loss and damage; the Needs-based Finance Project; Intergovernmental Panel on Climate Change reports; and sustainable finance related processes and other relevant initiatives. Such synergies need to be further explored.

40. Participants also noted the need to establish milestones in the process of setting the new collective quantified goal, expressing a keen sense of readiness to engage in and ‘deep dive’ into substantive discussions on specific aspects of the goal, starting with the needs and priorities of developing countries, sources and instruments of climate finance, the role of public and private actors and the issue of access to climate finance, while ensuring that all issues are covered comprehensively over the course of the ad hoc work programme and given sufficient time.

3. Third technical expert dialogue

41. To respond to the request for a ‘deep dive’ into specific elements identified in the landscape of issues, the discussions during the third technical expert dialogue focused on the needs and priorities of developing countries, sources and instruments of climate finance and the role of public and private actors in relation to the new collective quantified goal on climate finance.

¹⁸ Further information is available at <https://unfccc.int/topics/climate-finance/workstreams/needs-report>.

(a) Needs and priorities of developing country Parties

42. On the needs and priorities of developing countries, Parties' views appear to be coalescing around various areas described below.

43. Participants agreed that the new collective quantified goal on climate finance should be informed by a bottom-up approach with respect to sourcing information on the needs and priorities of developing countries, such as from NDCs, NAPs and/or other national and regional needs assessments, while recognizing that such reports do not necessarily contain cost estimates of needs owing to lack of data availability and/or limited capacity. Other global reports on needs and priorities were also referenced.

44. While mentioning the need to consider thematic and possibly sectoral information on needs and priorities, particularly with respect to adaptation and mitigation, there were different views on how the goal can or should reflect sectoral perspectives and needs related to loss and damage.

45. Participants referred to the need for a shared understanding of the sequencing of the discussions on quantitative and qualitative elements of the goal in the future, taking account of the evolving nature of developing countries' needs and priorities and how the new collective quantified goal on climate finance can reflect these over time. Adjusting the new goal to evolving needs and priorities could be undertaken as part of the periodic review under the global stocktake, in 5-, 10- or 30-year intervals to reflect the cycles of the global stocktake and the timelines of NDCs or long-term low-emission development strategies. Such adjustments could also take into account trends in global greenhouse gas emissions because increasing emissions will result in increasing needs for adaptation and addressing loss and damage.

46. Important insights from countries' experience of translating needs into finance strategies and investments plans were shared, underpinned by examples of countries that have already done so or are in the process of doing so. In this context, investment plans for mitigation were found to be more straightforward and represent immediate opportunities for private sector involvement, with adaptation being integrated and mainstreamed in public and private finance investment plan contexts. Demonstrating the value of a project proposal to potential financiers, such as in terms of profitability or alignment with the financiers' strategic objectives, could facilitate attracting financial resources for adaptation. This could be done through dialogue between project developers and finance providers to ensure that the project ideas align with the frameworks and objectives of the funding bodies.

47. Views were expressed as to the utility of the potentials of NDCs and NAPs in providing clearly defined and measurable adaptation and mitigation needs and priorities to encourage finance providers and investors to support and invest in projects that the country has identified. This could reduce the burden on developing countries of producing multiple plans.

48. Challenges in identifying and translating needs, particularly adaptation needs, into plans, strategies and projects, include the following:

(a) There is a discrepancy between the level of detail of data and information that project developers can collect and that required by project reviewers to assess project proposals. Further alignment of what project developers can provide with minimum requirements from project reviewers is needed;

(b) The private sector associates higher risks and lower rates of return with investing in adaptation projects compared with investing in mitigation projects. Institutions like the Green Climate Fund could play an important role in attracting private finance by reducing investment risk by providing de-risking instruments such as equity and guarantees;

(c) Building and retaining human and institutional capacity remains a challenge in developing countries, in terms of accessing data and information, complying with investment criteria, affording high investment costs, particularly for pre-feasibility studies, responding to periodic changes to templates for project proposals, and costing needs, especially for adaptation. Accessing proprietary data (i.e. privately owned data) was identified as particularly challenging due to the risk of violating contractual and socially agreed terms of

data use and reuse. The limited capacity of small and medium-sized enterprises in developing countries were also identified as a constraint on private sector involvement in adaptation projects. Readiness grants provided by the Green Climate Fund could be used to address capacity gaps, including those of small and medium-sized enterprises, to create conducive environments for private investment and for de-risking financial instruments. Addressing existing gaps in the policies of institutions like the Green Climate Fund was indicated as pivotal to avoiding a situation where developing countries have to adjust their project proposals to changing frameworks and requirements;

(d) In many cases it is a requirement to prove that a project is ‘bankable’ when applying for financing, with different understanding among project developers and project reviewers of what that term means. While some participants understand bankable to mean profitable, which can be more challenging to demonstrate for adaptation projects, others perceive it to mean ready for funding. The process of setting the new collective quantified goal on climate finance could help to achieve a common understanding of relevant terms among those involved in mobilizing and delivering climate finance.

49. On the issue of needs and priorities of developing countries and translating them into finance strategies and investment plans, there is a wealth of knowledge and perspectives that can inform discussions on the new collective quantified goal on climate finance going forward.

(b) The role of public and private finance actors, sources and instruments

50. On the role of public and private finance actors in relation to the goal, including in terms of climate finance sources and instruments, Parties’ views appear to coalesce around various areas.

51. Public finance actors have a fundamental role to play in enabling private sector involvement in climate action in the context of the new collective quantified goal on climate finance, including through incentives and the signals they send to public and private actors. Further clarity is needed as to how such a role can be reflected in the operational elements and design of the goal.

52. Private sector investments are generally driven by consideration of risk and opportunity, profitability and business case, which makes the intervention of the private sector more challenging in the adaptation context. Public interventions by developed countries and multilateral development banks can play an important role in attracting private finance for adaptation measures, particularly by providing concessional finance instruments. Furthermore, there were suggestions that the UNFCCC could play an important role in facilitating dialogues among countries at the regional level and showcasing successful case studies of options for adaptation projects.

53. If defining sub-goals of the new collective quantified goal on climate finance, participants identified the usefulness of defining roles for various types of actors. In this context, some highlighted that the more clearly sub-goals, including roles and responsibilities, are defined and understood, the easier it will be for the international community to track progress towards achieving them.

54. Recognizing that private climate finance mobilization fell short of expectations in the context of the goal of jointly mobilizing USD 100 billion per year, some participants pointed to the need to identify challenges and lessons learned in mobilizing private finance in order to inform the setting of the new collective quantified goal on climate finance.

55. While reiterating the important role of the private sector in setting the new collective quantified goal on climate finance and mobilizing climate finance, participants expressed concern that an emphasis on private finance could reinforce the imbalance of allocation of financial resources in favour of mitigation over adaptation projects. Further analysis and sharing of best practices for scaling up private finance for adaptation could help to address some concerns in this area.

56. Certain types of instrument and incentive, such as concessional loans, guarantees and equity, were identified as being more frequently deployed in relation to mitigation projects,

with other types, such as grants, continuing to play an important role in the adaptation context.

57. In addition to considerations on limited fiscal space of developing countries, participants identified the need to better understand barriers, drivers and impacts in relation to all sources of finance and types of instrument. The new collective quantified goal on climate finance should not be prescriptive but reflect a bottom-up-process; it should not adopt a one-size-fits-all approach in the provision of sources and instruments of climate finance. It should be fit-for-purpose, allowing for different instruments to be blended to suit national circumstances and priorities and to avoid increasing the debt levels of already highly indebted countries.

58. The third technical expert dialogue provided an opportunity for exchange of experience and views with experts about the utility of finance strategies and investment plans for communicating needs and priorities to potential investors in climate action; providing policy direction; matching financial sources and instruments with mitigation and adaptation projects; and how to address concerns about avoiding unintended consequences of shifting the burden of financing and costs to developing countries. Participants noted the role of the new collective quantified goal on climate finance in facilitating the urgent delivery of climate finance.

B. Key findings

59. Through the technical expert dialogues held so far, the co-chairs of the ad hoc work programme sought to provide a space for open, frank and technical discussions on all elements of the new collective quantified goal on climate finance identified in the relevant COP and CMA decisions. Recognizing that the deliberations on the new goal will be cyclical in nature, with the political deliberations providing guidance for the technical work and the technical work informing the political deliberations, the co-chairs endeavoured to develop a shared understanding of the technical issues on all elements with a view to informing and advancing the relevant discussions at CMA 4.

60. With the landscape of issues identified after the first technical expert dialogue and further discussed at the subsequent dialogues, the co-chairs sought to capture the rich views expressed and to start to bring together all elements identified in the relevant decisions. The landscape of issues, while far from exhaustive or comprehensive, builds a foundation for the work over the next two years. As such, it should be viewed as a tool for facilitating the incremental evolution of the views expressed on the various elements and showing how each element could form part of the framework of the new collective quantified goal on climate finance, recognizing at the same time that all views remain valid and each element may be reconsidered at any time until Parties reach agreement.

61. Going forward, there is a need for clarity and milestones on specific issues identified in the landscape of issues, ensuring that all issues are covered comprehensively and given sufficient time and space for ‘deep dive’ discussions, with a view to building an architecture for the new goal that can facilitate reaching an agreement thereon by the end of 2024.

62. Recognizing the value of exchanging experience and views of experts from the public and private sector, the co-chairs have actively sought to involve a wide spectrum of stakeholders to ensure inclusive and participatory representativeness and facilitate a shared understanding on the elements under discussion. The involvement of experts, particularly from the private sector, is useful for deepening engagement with and facilitating direct interaction with Parties. There is a clear demand and need for increasing such exchanges and understanding between all climate finance actors, including international financial institutions, multilateral development banks, climate funds and other financial institutions, in order to better understand opportunities for, and barriers to, mobilizing and delivering climate finance for mitigation and adaptation projects.

63. The following key findings emerged from the three technical expert dialogues conducted so far in 2022:

(a) The new collective quantified goal on climate finance provides an opportunity to accelerate implementation of the Paris Agreement in line with the aim stated in decisions 14/CMA.1 and 9/CMA.3;

(b) The new goal should include quantitative and qualitative elements and needs to be a driver for transforming the way climate finance is currently mobilized, accessed and delivered;

(c) The new goal should reflect a long-term perspective and send a strong signal to various actors engaged in the climate finance architecture to make available finance that is fit-for-purpose so as to enable the ambitious climate action needed to achieve the goals of the Paris Agreement;

(d) Setting the new goal presents an opportunity to create incentives for both providers and recipients of climate finance to efficiently allocate financial resources for addressing the needs and priorities of developing countries;

(e) Further discussions are needed to explore the implications of implementing Article 2, paragraph 1(c), of the Paris Agreement for other provisions of and commitments under the Convention (notably Article 4) and the Paris Agreement (notably Article 9) related to providing financial support to developing countries;

(f) The new goal should be informed by a set of principles or characteristics such that it should be accessible and inclusive, adequate, based on science and human rights, effective, predictable, measurable, transparent, time bound, consistent with the principles of the Convention and the Paris Agreement, and responsive to the needs and priorities of developing countries;

(g) The new goal should have multiple elements that could be both qualitative and quantitative and have linkages across the elements. Possible elements or sub-goals could be centred around thematic areas, sectors, geographical regions of recipient countries and financial sources and instruments. Going forward, it will be necessary to develop a shared understanding of the scope and sequencing of the discussions on quantitative and qualitative elements of the new goal;

(h) There is a broad recognition that a bottom-up approach should be taken to setting the new goal, taking into account the needs and priorities of developing countries but recognizing that most national reports do not contain cost estimates of needs and priorities owing to lack of data availability and/or limited capacity. It is also recognized that there is a range of widely available sources of information on needs and priorities of developing countries, including global reports. Key questions remain on how those sources can inform the new goal, how to account for needs that have not been quantified and how to reflect the dynamic nature of the needs and priorities;

(i) Country experience suggests that finance strategies and investment plans are useful for communicating needs and priorities to potential public and private investors and matching financial sources and instruments with the needs and priorities. NDCs and NAPs could present clearly defined adaptation and mitigation needs and priorities that could encourage finance providers to support and invest in projects that the country has identified to be needed, thus reducing the burden on developing countries of producing multiple plans;

(j) Public finance has a fundamental role in relation to the new goal, including in terms of the signal it sends to public and private actors, and how this role could be reflected in the operational elements and design of the goal needs to be discussed. Private sector investments are generally driven by consideration of risk and opportunity, which makes engaging the private sector more challenging in the adaptation context;

(k) Recognizing synergies with other work and processes within and outside the UNFCCC, it is imperative to continue to monitor developments under those processes and identify how and when they can feed into the process of setting the new collective quantified goal on climate finance. Such processes include, inter alia, the global stocktake; the enhanced transparency framework; the global goal on adaptation; the work of the SCF, including its report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year; finance for addressing loss and damage; the Needs-based Finance Project; Intergovernmental

Panel on Climate Change reports; sustainable finance-related processes; and other relevant initiatives.

64. Despite the progress made in the substantive discussions at the technical expert dialogues, areas that would benefit from further guidance include:

(a) The basis for and approach to determining the quantitative elements of the new collective quantified goal on climate finance, including whether it should have one or several quantitative elements and which elements could be quantified. Options for quantitative elements of the goal include thematic area (covering adaptation and mitigation, with different views on covering loss and damage), source (public and private), instrument (concessional and non-concessional), geography (by region, including possible quantitative targets for small island developing States and the least developed countries) and origin or contribution (e.g. a quantitative target for developed countries and others as part of the global effort);

(b) Whether and how the new collective quantified goal on climate finance should reflect the global effort to mobilize climate finance and/or another broad basis for mobilizing and delivering climate finance;

(c) Whether and how to reflect finance for addressing loss and damage in the new goal;

(d) How challenges due to the limited fiscal space of many developing countries, particularly in relation to accessing debt instruments for scaling up investment in climate action as required amid increasing vulnerabilities and risks due to climate change, can be addressed through the new goal.
