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Views on the objectives and elements identified in decision 9/CMA.3 on the new collective quantified goal on climate finance

Technical paper by the secretariat

Summary

This technical paper provides a synthesis of the views submitted by Parties, groups of Parties and non-Party stakeholders on the objectives and elements of the new collective quantified goal referred to in decision 9/CMA.3, paragraphs 15–16, respectively. It will inform the first high-level ministerial dialogue on the new collective quantified goal, convened by the Presidency of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session.

Abbreviations and acronyms

AILAC	Independent Association for Latin America and the Caribbean
AOSIS	Alliance of Small Island States
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	Conference of the Parties
ETF	enhanced transparency framework under the Paris Agreement
GCF	Green Climate Fund
IPCC	Intergovernmental Panel on Climate Change
LDC	least developed country
MDB	multilateral development bank
NDC	nationally determined contribution
SCF	Standing Committee on Finance
SIDS	small island developing State(s)
UNEP	United Nations Environment Programme

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.³ It also decided to conduct four technical expert dialogues per year as part of the ad hoc work programme, with one of these dialogues to be held in conjunction with the first regular session of the subsidiary bodies for the year 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.⁴ The co-chairs will prepare an annual report on the work conducted under the ad hoc work programme, including a summary and key findings of the technical expert dialogues.⁵

3. In addition, CMA 3 invited 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 their views on the objectives referred to in paragraph 15 of decision 9/CMA.3 and the elements referred to in paragraphs 16 of the same decision via the submission portal by February and August 2022 respectively. By the same decision, the CMA requested the secretariat to prepare a technical paper on the submissions, which is to inform the discussions at the high-level ministerial dialogue on the new collective quantified goal that will take place on 9 November 2022 in Sharm el-Sheikh.⁶

B. Scope

4. A total of 45 submissions were received in response to the invitation referred to in paragraph 3 above. By February 2022, 19 submissions had been received from Parties and groups of Parties and 11 from non-Party stakeholders. An additional 4 submissions had been received from Parties and groups of Parties and 11 from non-Party stakeholders by August 2022. A list of the submissions received is contained in the annex, and all submissions can be viewed on the UNFCCC website.⁷

5. The scope of the submissions differs; while many submissions take into account both paragraphs 15 (objectives) and 16 (elements) of decision 9/CMA.3, others refer to either the objectives of the new goal or its elements.

6. This technical paper synthesizes a non-exhaustive set of views by Parties⁸ and non-Party stakeholders and is limited to synthesizing the views submitted. It may not reflect the full range of views of all Parties and non-Party stakeholders or all views expressed during the technical expert dialogues referred to in paragraph 2 above held in 2022. The synthesis has been prepared without prejudice to the views expressed in the submissions.

¹ Decision 1/CP.21, para. 53.

² Decision 14/CMA.1, para. 1.

³ Decision 9/CMA.3, para. 3.

⁴ Decision 9/CMA.3, para. 5.

⁵ Decision 9/CMA.3, para. 9.

⁶ Decision 9/CMA.3, paras. 10 and 17–18.

⁷ <https://unfccc.int/topics/climate-finance/workstreams/NCQG/submissions-from-parties-and-non-party-stakeholders>.

⁸ Note that in the overview and the synthesis, “Parties” includes individual Parties and groups of Parties.

7. Chapter II below provides an overview of the submissions received. Chapter III contains the synthesis of the submissions, providing first an outline of the views expressed on the principles of and considerations related to the process of setting the new collective quantified goal on climate finance. Then, it provides details on the views expressed on the objectives of the new goal and its elements, in line with paragraphs 15–16 respectively of decision 9/CMA.3.

II. Overview

8. In their submissions, Parties and non-Party stakeholders highlighted the following aspects of the new collective quantified goal on climate finance:

(a) The new goal's contribution to achieving the objective of the Convention, particularly in relation to commitments (Article 4) and the Financial Mechanism (Article 11), and the goals of the Paris Agreement set out in its Article 2;

(b) The sources of information on the needs and priorities of developing countries to inform the new goal, with a focus on the resources needed for developing countries to contribute to achieving the objective of the Convention and the purpose and goals of the Paris Agreement;

(c) The qualitative and quantitative elements of the new goal;

(d) The scope of the new goal, including thematic areas, sectors, delivery channels, finance sources, financial instruments, geographical regions and actors;

(e) The need to enhance access to climate finance, including the need to implement enhanced, streamlined and simplified access procedures; establish finance floors for groups of countries that are particularly vulnerable to the impacts of climate change and constrained in their capacity to respond; and simplify access modalities in line with the ambition level of pathways chosen by developing countries and for small-scale projects and activities;

(f) The opportunity for the new goal to facilitate access to all sources of finance, and consideration of the types of instruments to be used to deliver finance and how they will be reflected in the new goal;

(g) The transparency arrangements that could facilitate the tracking of progress towards achieving the new goal;

(h) Other elements for consideration in the ad hoc work programme on the new goal.

III. Synthesis

A. Principles or considerations in the process of setting the new collective quantified goal on climate finance

9. In their submissions, many Parties and non-Party stakeholders outlined their views on the principles that the process of setting the new collective quantified goal on climate finance should follow and considerations to take into account in relation to the process, including:

(a) Conduct open, inclusive and transparent deliberations and ensure the participation or representation of all interested stakeholders;

(b) Take into account the iterative nature of deliberations on the new goal, which comprise a cyclical exchange of both political and technical views throughout the goal-setting process;

(c) Consider the lessons learned from the goal of mobilizing jointly USD 100 billion per year by 2020 through to 2025 and the doubling of adaptation finance by 2024, including a consideration of how the climate finance landscape has changed since the setting

of the goal of mobilizing jointly USD 100 billion per year and how the new goal can or should take into account such changes;

(d) The expectation that resources will be provided and mobilized by public interventions of developed countries;

(e) Consider the need for enhanced access to climate finance by developing countries, including local organizations, paying particular attention to the need to enhance institutional capacities, governance mechanisms and planning frameworks;

(f) Consider the financial resources needed by developing countries to meet the objective of the Convention and the purpose and goals of the Paris Agreement in the context of sustainable development and poverty eradication, particularly the resources for efforts outlined in national plans such as NDCs;

(g) Consider how the new goal may support just transition pathways, the management of stranded assets and economic recovery;

(h) Consider the role of the climate finance architecture in the context of the new goal, including the evolution of multilateral institutions, and how the new goal may drive private sector action;

(i) Ensure the new goal is informed by science, particularly the findings of the IPCC, and by technical and socioeconomic information, taking into account the needs of developing countries and the challenges posed by the ongoing coronavirus disease 2019 pandemic, particularly by exploring synergies with recovery measures;

(j) Ensure progress in work under the various components of the ad hoc work programme is clearly and accurately captured in the annual reports by the co-chairs referred to in paragraph 2 above, technical papers and summaries of deliberations.

B. Objectives of the new collective quantified goal on climate finance, as referred to in paragraph 15 of decision 9/CMA.3

10. Submissions highlighted the critical role of the new collective quantified goal on climate finance in achieving the objective of the Convention and the goals set out in Article 2 of the Paris Agreement, and how crucial it is for the new goal to be based on the provisions of the Convention and the Paris Agreement. The link between climate action and financial support was emphasized, as was the view that an ambitious new goal will contribute to enhanced, equitable and transformational action, including through the implementation of ambitious NDCs.

11. In their submissions, many Parties and non-Party stakeholders underscored the key role of the new goal specifically in relation to developed countries' provision of financial resources to developing countries, as outlined in Article 9, paragraphs 1 and 3, of the Paris Agreement and Article 4, paragraphs 2 and 7, and Article 11 of the Convention. In most submissions, the view that the new goal should create incentives to make all finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development, as outlined in Article 2, paragraph 1(c), of the Paris Agreement, was highlighted. In this context, several submissions also highlighted the need for a clear understanding of the linkages between Article 9 and Article 2, paragraph 1(c), of the Paris Agreement and underlined that implementation of Article 2, paragraph 1(c), should not substitute for developed country Parties' obligations under Article 9.

12. Several Parties and non-Party stakeholders reiterated that the new goal should prioritize and scale up adaptation finance to achieve a balance between mitigation and adaptation finance, and proposed implementing affirmative actions to achieve such a balance. Many Parties and non-Party stakeholders also indicated that the new goal should ensure grant-based support for adaptation.

13. Some submissions highlighted how finance mobilized under the new goal should support the implementation of country-led programmes, policies and interventions that are transformative and scalable and that can accelerate a just transition towards low greenhouse

gas emission, climate-resilient development. In this regard, some Parties proposed a just transition facility or a pooled mechanism to facilitate coherence in financing efforts towards a just transition across the various funding sources.

C. Elements of the new collective quantified goal on climate finance, as referred to in paragraph 16 of decision 9/CMA.3

1. Needs and priorities of developing countries

14. Most Parties and non-Party stakeholders underscored that the needs and priorities of developing countries should be the starting point of deliberations on the new collective quantified goal on climate finance. Further, several of them stated that the needs and priorities of developing countries should be taken into account in the context of sustainable development, poverty eradication and just transition and asserted that the needs and priorities of developing countries should inform both quantitative and qualitative elements of the new goal, which should be informed by the best available science and be based on bottom-up and top-down assessments.

15. In some submissions it was stated that the bottom-up assessments of needs, as contained in national reports submitted as part of the UNFCCC process, such as adaptation communications, biennial update reports, national adaptation plans, national communications, NDCs and technology needs assessments, and other relevant national reports, are country-owned, country-led and transparent, while recognizing that not all expressed needs are costed, particularly needs related to adaptation and to loss and damage, owing to factors such as limited capacity, data and methodologies available for costing. In several submissions, the need for building the capacities of developing countries to assess their needs and identify priorities to inform deliberations on the new goal was emphasized.

16. Cited examples of top-down assessments of needs and priorities include regional and global reports, such as reports from the International Energy Agency, the IPCC, Organisation for Economic Co-operation and Development and UNEP (particularly the Adaptation Gap Report and Emissions Gap Report series), as well as the report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement prepared by the SCF. It was emphasized in the submissions that the latter report could be a good reference point in mapping needs and priorities systematically and periodically. Other sources of information that could inform the new goal identified in the submissions include the outputs of the SCF, including its biennial assessments and overviews of climate finance flows, report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year, work on definitions of climate finance and Article 2, paragraph 1(c), of the Paris Agreement.

17. Most submissions underscored that the new goal should reflect the needs and priorities of developing countries by theme, namely mitigation, adaptation, and loss and damage. In some submissions, Parties and non-Party stakeholders called for differentiating between investment needs that could be met by mobilizing public and/or private investments and support needs that should primarily be covered through grants and concessional finance, particularly in the case of support needs related to adaptation. Other submissions underscored that the new goal should take into account needs and priorities by geographical region, thus reflecting the unique needs and priorities, circumstances and development stages of each region and subregion. Furthermore, in several submissions, Parties and non-Party stakeholders stressed that the new goal should reflect the needs and priorities of vulnerable and marginalized groups, youth and indigenous and local communities, and should be gender-responsive.

18. Some Parties and non-Party stakeholders highlighted the need for the new goal to be linked to the global temperature goal and encouraged developing countries to update their NDCs to include needs and priorities related to aligning with that goal, ensuring a just transition and reflecting the urgency to limit the global temperature increase to below 1.5 °C.

19. Recognizing the dynamic nature of needs and priorities, in some submissions, Parties and non-Party stakeholders emphasized the necessity of periodically reviewing the adequacy

of the new goal and accounting for adjustments over time. Such adjustments could be based on the best available science and other information and could be undertaken as part of the periodic review under the global stocktake.

2. Quantity

20. Reiterating that the new collective quantified goal should be from a floor of USD 100 billion, many Parties and non-Party stakeholders in their submissions underscored that deliberations on the quantitative element of the new goal should reflect the costed needs and priorities of developing countries (while noting that many needs and priorities of developing countries have not been costed) and, as such, at a minimum, be in the (USD) trillions annually.

21. In some submissions, the findings of the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement⁹ of the SCF were noted, namely, the report's finding that the costed needs communicated in the NDCs of 153 Parties are an estimated USD 5.8–5.9 trillion by 2030. In one submission from a group of Parties, a summary was provided of the financial needs of countries in the group's region, extracted largely from NDCs, until mid-century to achieve the objective of the Convention and the purpose and goals of the Paris Agreement. In this submission, the group asserted that costed mitigation needs amount to an estimated USD 304.13 billion and USD 71 billion by 2030 and 2050 respectively and adaptation needs to USD 30.8 billion and USD 76.27 billion by 2030 and 2050 respectively. Another submission, from a group of Parties, estimates the regional climate-related investment needs identified in NDCs at USD 2 trillion over the next 30 years to reach the target of net zero by 2050. The same submission also reports adaptation investment needs to be USD 259 billion to USD 407 billion between 2020 and 2030 while overall mitigation needs are estimated to be approximately USD 715 billion over the same period.

22. Other submissions cite findings from global reports on costed adaptation and loss and damage needs. Some refer to the UNEP Adaptation Gap Report 2021,¹⁰ which estimates quantitative adaptation needs to be at the upper end of USD 140–300 billion by 2030 and USD 280–500 billion by 2050. One submission cited cost estimates for loss and damage to range from USD 290 billion to USD 580 billion in 2030 and USD 1 trillion to USD 1.8 trillion in 2050.

23. Some submissions highlighted that the quantitative element of the new collective quantified goal on climate finance could entail time-bound milestones set at 2030, 2040 or out to a 2050 reflecting the evolving nature of needs and the long-term nature of equitable and transformative action required to achieve the objective of the Convention and the purpose and goals of the Paris Agreement.

24. Some Parties and non-Party stakeholders noted that the quantity of the new goal should enable finance flows to be consistent with a pathway towards low greenhouse gas emissions and climate-resilient development and, accordingly, called for a quantified target related to Article 2, paragraph 1(c), of the Paris Agreement.

25. Some submissions contained the suggestion that the deliberations on the new goal should consider setting quantitative subtargets or sub-goals for mitigation, adaptation, and loss and damage. In this regard, the need for a higher quantitative target or sub-goal for adaptation to account for the current imbalance between adaptation and mitigation finance was identified in some submissions, while in others, quantitative targets to achieve a balance (i.e. 50:50 allocation of finance between adaptation and mitigation) were proposed.

⁹ <https://unfccc.int/topics/climate-finance/workstreams/determination-of-the-needs-of-developing-country-parties/first-report-on-the-determination-of-the-needs-of-developing-country-parties-related-to-implementing>.

¹⁰ UNEP. 2021. *Adaptation Gap Report 2021 -The Gathering Storm: Adapting to climate change in a post-pandemic world*. Nairobi: UNEP. Available at <https://www.unep.org/resources/adaptation-gap-report-2021>.

26. In terms of recipients of climate finance, some submissions noted the need for quantified targets or sub-goals for the LDCs and SIDS, particularly for concessional finance for adaptation and loss and damage.

27. Some Parties and non-Party stakeholders highlighted that the new goal should set quantitative targets by source of finance (e.g. a share of multilateral and bilateral sources) in terms of percentage share, and that channels to deliver financial resources (multilateral, bilateral and other) need to be clarified. These Parties and non-Party stakeholders called on MDBs and international finance institutions to channel their resources through the dedicated climate funds established under the Convention. Other submissions contained proposals to broaden the range of contributors, including through contributions from Parties based on respective capability, voluntary contributions, South–South cooperation and investments in specific developing countries. A few Parties encouraged emerging countries to make their own efforts towards decarbonization to allow support to be directed to more vulnerable countries. In this context, some Parties noted that the quantity of the new goal and its possible sub-goals will be driven by sources of finance and contributors, and that the more sources and contributors, the higher the ambition to achieve the goals of the Paris Agreement would be.

28. Acknowledging the distinct role of climate finance in accelerating climate action, several Parties and non-Party stakeholders highlighted the importance of ensuring the new goal is set in line with the existing provisions for climate finance under Article 4, paragraph 3, of the Convention and Article 9, paragraph 3, of the Paris Agreement such that climate finance is progressive and new and additional to official development assistance. In this regard, increasing the current target for official development assistance of 0.7 per cent of gross national income and setting a target of 2 per cent of gross domestic product were two suggestions indicated in submissions.

29. Reiterating the provisions of Article 4 of the Convention and Article 9 of the Paris Agreement that developed countries should take the lead in mobilizing financial resources, in some submissions, Parties and non-Party stakeholders emphasized that the new goal should consider burden-sharing arrangements among developed countries for apportioning responsibilities on the basis of purchasing power parity and respective capacities, gross national income, gross domestic product, cumulative carbon dioxide emissions and population.

3. Quality

30. On the basis of the lessons learned from the goal of jointly mobilizing USD 100 billion per year, Parties and non-Party stakeholders stressed the importance of the qualitative elements of the new collective quantified goal on climate finance, highlighting the need to include metrics to assess the quality of mobilization and delivery of climate finance. In this regard, many submissions emphasized that the new goal should assess the effectiveness of current finance flows, including in the context of meaningful mitigation action and climate-resilient development, and identify ways to improve the allocation of climate finance.

31. Some Parties and non-Party stakeholders highlighted the need to enhance the quality of climate finance by establishing principles to guide the implementation of the new goal. These principles include that the new goal needs to, *inter alia*:

(a) Be accessible, accountable, ambitious, country-driven, legally binding, new and additional, precautionary, predictable, progressive, realistic, transparent and trackable;

(b) Enable effective finance flows, resulting in the maximum impact possible from adaptation and mitigation actions;

(c) Be informed by the best available science and knowledge, considering the findings of the IPCC and other scientific bodies;

(d) Adhere to the principle of equity and common but differentiated responsibilities and respective capabilities in accordance with the provisions of the Convention and the Paris Agreement;

(e) Be based on human rights, ensure equitable representation and be gender-responsive.

32. Some Parties and non-Party stakeholders stressed that the new goal should ensure a balance in the allocation of finance to mitigation and adaptation, without including quantitative targets, and be mainly composed of grant finance and concessional finance for adaptation actions to ensure that the provision of climate finance does not increase the debt burden of developing countries.

4. Scope

33. In most submissions, Parties and non-Party stakeholders emphasized that the new collective quantified goal on climate finance should consist of quantitative and qualitative elements and include subtargets or sub-goals, thereby covering a broader scope of finance compared with the goal of mobilizing jointly USD 100 billion per year. Several Parties and non-Party stakeholders noted that discussions under the technical expert dialogues should provide further clarity on the scope of the new goal, with views suggesting that scope covers thematic areas, sectors, delivery channels, finance sources, financial instruments and geographical regions.

34. In terms of thematic scope, submissions highlighted that the new goal should encompass adaptation and mitigation. Recognizing loss and damage as one of the pillars under the Paris Agreement, many submissions underscored the need to establish a separate funding window for addressing loss and damage under the new goal. Citing findings from the biennial assessments¹¹ and overviews of climate finance flows and the Climate Policy Initiative's Global Climate Finance Landscape reports¹² that current finance flows target adaptation action disproportionately to mitigation action, most Parties and non-Party stakeholders argued for a sub-goal or subtarget for adaptation finance, which would contribute to increased and predictable financial resources for adaptation.

35. Many Parties and non-Party stakeholders emphasized that the new goal should support means of implementation such as capacity-building and technology development and transfer. In some submissions it was suggested that the new goal could consider subtargets or sub-goals under each thematic area for sources of finance, access channels, financial instruments and/or setting floors for recipients.

36. In some submissions, the need to broaden the scope of actors, both public and private, in mobilizing climate finance under the new goal was identified.

5. Access features

37. In many submissions, Parties and non-Party stakeholders emphasized that the new collective quantified goal on climate finance should ensure enhanced, streamlined and simplified access to climate finance from the dedicated climate funds established under the Convention and other sources of climate finance by reducing the processing time of project proposals and the time for disbursement of funds after project approval. The need for subtargets of finance channelled via direct, simplified access modalities, particularly for adaptation finance, to enable appropriate and timely adaptation action was identified in some submissions.

38. Several Parties and non-Party stakeholders underscored the view that improving access modalities and procedures for climate finance from various sources should be an integral part of the discussions about the new goal, including during the technical expert dialogues, with such discussions providing an opportunity to share challenges faced by developing countries in accessing financial resources and to identify possible solutions. The challenges identified in the submissions include:

¹¹ SCF. 2021. *Fourth (2020) Biennial Assessment and Overview of Climate Finance Flows*. Bonn: UNFCCC. Available at

https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Report%20-%20V4.pdf.

¹² Available at <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2021/>.

- (a) Accessing data and information, particularly proprietary (i.e. privately owned) data, that informs the development of project proposals;
- (b) Closing capacity gaps in costing needs, prioritizing activities and designing project pipelines that comply with the investment criteria of climate finance providers;
- (c) Addressing the documentation requirements, especially the climate finance rationale for adaptation projects, of climate finance providers;
- (d) Responding to periodic changes in project proposal templates, which causes delays in accessing funds;
- (e) Managing the long disbursement periods of approved funds, particularly in the case of extreme weather events.

39. Some Parties and non-Party stakeholders emphasized the view that peer-to-peer learning from other developing countries facing similar challenges in accessing climate finance has contributed to supporting capacity-constrained developing countries in preparing and implementing project proposals to address the impacts of droughts and glacier lake outburst flooding. Submission also suggested that the technical expert dialogues could provide a space for the continued sharing of experience and lessons learned in accessing climate finance.

40. Defining floors for groups of countries that are particularly vulnerable and capacity-constrained, such as the LDCs and SIDS, was emphasized in some submissions as a way forward in enhancing access, building on the policy of the GCF, which allocates 50 per cent of its adaptation target to the LDCs, SIDS and African States. In other submissions, the proposal to simplify access modalities consistently with the ambition level of pathways chosen by developing countries or for small-scale activities, building on the simplified approval process of the GCF, was made.

41. Some Parties and non-Party stakeholders proposed the establishment of a trigger mechanism under climate funds to release funds quickly to countries experiencing the impacts of climate-induced extreme weather events such as floods, hurricanes and landslides, where project-based finance through regular funding applications may not be viable for the timely disbursement of funds.

42. Some submissions contained the suggestion to include subtargets for channelling a percentage of financial resources under the new goal through direct access modalities under the Adaptation Fund and the GCF. Some Parties highlighted their preference for direct access through national institutions compared with international delivery partners, stating that national institutions understand the local context in which projects are implemented, and that access through these institutions contributes to the building of national capacities and to the sustainability and buy-in of projects. Some Parties suggested discussing the shortcomings of direct access modalities under the technical expert dialogues in order to identify appropriate solutions.

43. Several submissions from Parties and non-Party stakeholders emphasized the need for avoiding a 'one size fits all' approach to delivering climate finance, by considering subnational targets for access addressing the needs of local governments and communities. In this respect, some non-Party stakeholders called for decentralized direct access modalities to enable the access of local actors (such as subnational governments, local communities and indigenous peoples) to climate finance from multilateral and bilateral sources. Providing small grant funds for local communities and other stakeholders was another recommended way to improve access to funds by local communities.

6. Sources of funding

44. Most submissions underscored the view that the new collective quantified goal on climate finance should facilitate access to all sources of finance. Different views were expressed on the types of financial instruments developing countries can avail themselves of.

45. Some Parties and non-Party stakeholders emphasized that owing to its collective nature, the new goal should broaden its contributor base and, therefore, identify a wide range of sources of finance, including public, private, domestic and international, as well as

South–South cooperation and voluntary contributions, notwithstanding that developed country Parties should take the lead in mobilizing climate finance. Some Parties and non-Party stakeholders expressed the view that the new goal should be designed to accommodate the roles of the various actors involved.

46. Recognizing the pivotal role of MDBs in mobilizing private finance by providing de-risking instruments (e.g. guarantees, insurance and blended finance) to commercial banks, several submissions underscored the need for MDBs to scale up adaptation finance (traditionally, MDBs have mostly financed mitigation activities).

47. Most submissions underscored the crucial role of private finance in enabling low-emission, climate-resilient development pathways and the importance of scaling up the mobilization of private finance to address the needs and priorities of developing countries. In several submissions, the role of public finance in catalysing and leveraging increased private investments, including through public–private partnerships, was acknowledged. Many Parties and non-Party stakeholders stressed the need to clarify the role of the private sector in achieving the new goal and how the mobilization of private sources could be counted towards achieving it.

48. Many Parties noted that the new goal should consider a wide range of financial instruments, including new and innovative instruments such as debt swaps, payment for environmental services, blended finance, levies and taxes, special drawing rights and the use of the share of climate proceeds while avoiding dependency on speculative flows. Other instruments identified include policy-based guarantees and options that do not require sovereign guarantees, risk mitigation guarantees and sector-specific direct-budget support. Several submissions highlighted the need to identify opportunities to advance fossil fuel subsidy reforms supporting the global transition to renewable energy. Some submissions underscored the need to maximize concessional finance to avoid excessive debt in vulnerable countries.

49. Many submissions underscored the need to establish a floor for grant-based finance while limiting debt-generating instruments, particularly for financing adaptation and loss and damage activities. Several Parties highlighted that the new goal should focus on scaling up grant-based finance and financial instruments that respond to the needs and priorities of developing countries, while taking into account their national circumstances. Parties also underscored the importance of concessional loans for financing revenue-generating sectors such as energy, transportation and infrastructure.

7. Transparency arrangements to track progress towards the achievement of the goal

50. On the basis of the lessons learned from the goal of jointly mobilizing USD 100 billion per year, most Parties and non-Party stakeholders acknowledged that the new collective quantified goal on climate finance should be underpinned by transparency arrangements that allow the effective tracking and reporting of finance flows and of progress towards achieving the goal (and its possible sub-goals or subtargets) as well as its quantitative and qualitative elements. Many submissions highlighted the opportunity of tracking progress of the new goal under the ETF, taking into account the need to enhance or adjust the framework to complement information collected under the ETF with sources other than the biennial transparency reports and efforts made by various stakeholders in mobilizing climate finance that are not covered by the framework. Some Parties underscored that transparency arrangements should be collective rather than individual (per contributor).

51. While in most submissions the need to build transparency arrangements for the new goal on the basis of those of the ETF was emphasized, in other submissions, setting up an online platform under the UNFCCC by the secretariat to monitor progress towards achieving the new goal was proposed. Tasking the SCF to map and track finance flows under the new goal to enhance transparency and reporting on the size of the gap between finance provided and received under the new goal was also proposed. In this mapping and tracking, the SCF would also report on aggregated data on disbursements to generate disbursement rates of climate finance over time and identify challenges and lessons learned.

52. Some Parties and non-Party stakeholders called for agreed arrangements for periodic monitoring, reporting and verification of the progress and delivery of the new goal against a

clearly defined reference year and with robust methodologies to prevent ambiguity, overestimation and double counting. In this context, many Parties and non-Party stakeholders acknowledged the lack of a standard definition of climate finance to enable the tracking of progress towards achieving the new goal and the need to establish a standard methodology for tracking climate finance, including what should be counted as new and additional finance. Several Parties and non-Party stakeholders called for harmonizing the various operational definitions of climate finance, on the basis of the work of the SCF on this matter. The technical expert dialogues were seen as potentially providing a platform to increase the common understanding of the methodological aspects of tracking finance flows, including climate finance definitions, without prejudice to the decisions of the COP and the CMA on potential ongoing work of the SCF.

53. In terms of reporting parameters, some submissions noted the need for developed countries to report on grant-based finance to track the level of indebtedness of developing countries. Developing countries, in contrast, could report on the level of borrowing costs attributable to the climate finance received and on measures taken to fund domestic climate finance, such as selling off national assets, privatizing industries and cutting government spending on public services and goods.

8. Other possible elements for consideration

54. Some submissions identified the need for setting non-static goals with intermediate milestones that support monitoring and verification of achieving the new collective quantified goal on climate finance. Some submissions emphasized the need to periodically review collective progress towards achieving the new goal as a part of the five-year cycle of the global stocktake, with the review to cover challenges in meeting the goal (and/or sub-goals and subtargets) and lessons learned and recommendations.

55. The need to periodically consider the adequacy of the new goal, including its possible sub-goals or subtargets, and consider adjusting the goal to reflect evolving needs and priorities, on the basis of the best available information and science, including the latest findings of the report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement, was underscored in the submissions. Such considerations in the submissions referred to 5-, 10- or 30-year intervals to reflect the timelines of the global stocktake, NDCs or long-term strategies.

56. Some Parties and non-Party stakeholders suggested that the new goal be linked to other negotiation processes under the Convention or the Paris Agreement to enhance synergies and avoid duplication. Identified synergies include the global stocktake, the ETF, the global goal on adaptation, the work of the SCF, and processes related to financing loss and damage, including the Glasgow Dialogue. Some Parties and non-Party stakeholders also identified the need to take into account synergies with related global frameworks such as the Addis Ababa Action Agenda, the 2030 Agenda for Sustainable Development and the Rio Declaration on Environment and Development.

Annex

Submissions received on the objectives and elements of the new collective quantified goal on climate finance

The table below lists Parties, groups of Parties and non-Party stakeholders that submitted views on the objectives and elements of the new collective quantified goal on climate finance, as referred to in paragraphs 15–16 respectively of decision 9/CMA.3, in response to the invitation of the CMA.¹³ The submissions are available on the UNFCCC website.¹⁴

<i>Submission</i>	<i>Date</i>
Action by Churches Together Alliance	15 February 2022
Action by Churches Together Alliance	12 August 2022
Antigua and Barbuda on behalf of AOSIS	6 March 2022
Argentina on behalf of AILAC, AOSIS, and Argentina, Brazil and Uruguay	13 June 2022
Bangladesh	22 August 2022
Bolivia (Plurinational State of) on behalf of the Like-minded Developing Countries	10 March 2022
Brazil on behalf of Argentina, Brazil and Uruguay	16 March 2022
Brazil on behalf of Argentina, Brazil and Uruguay	30 September 2022
Canada	18 February 2022
Care About Climate on behalf of the children and youth constituency	5 March 2022
Center for Global Development	4 August 2022
Chile on behalf of AILAC	23 February 2022
Climate Action Network Canada	21 February 2022
Climate Action Network International	25 February 2022
Climate Action Network International	14 August 2022
Climate Finance Group for Latin America and the Caribbean	22 February 2022
Climate Policy Initiative	23 February 2022
Colombia on behalf of AILAC	23 August 2022
European Network on Debt and Development	12 August 2022
European Union	8 March 2022
Heinrich Böll Foundation on behalf of Heinrich Böll Stiftung	14 February 2022
India	18 February 2022
Indonesia	21 March 2022
International Federation of Red Cross and Red Crescent Societies	15 August 2022
Japan	11 March 2022
Kenya	14 February 2022
Least Developed Countries Expert Group	30 September 2022
Mercy Corps	18 August 2022

¹³ Decision 9/CMA.3, para. 17.

¹⁴ <https://unfccc.int/topics/climate-finance/workstreams/NCQG/submissions-from-parties-and-non-party-stakeholders>.

<i>Submission</i>	<i>Date</i>
New Zealand	18 March 2022
Norway	3 March 2022
Oxford Climate Policy	28 January 2022
RMI	31 August 2022
Senegal on behalf of the LDCs	7 March 2022
Senegal on behalf of the LDCs	23 August 2022
Sibuyan Island People	9 September 2022
Singapore	4 March 2022
SouthSouthNorth on behalf of Voices for Just Climate Action	23 August 2022
Switzerland on behalf of the Environmental Integrity Group	8 March 2022
The Nature Conservancy	15 August 2022
Third Generation Environmentalism	3 March 2022
United States of America	13 March 2022
Vanuatu	16 February 2022
Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts	23 August 2022
World Resources Institute on behalf of World Resources Institute and Transforma in association with Allied for Climate Transformation by 2025	15 February 2022
WWF International	15 February 2022
WWF International	12 August 2022
Zambia on behalf of the African Group	21 February 2022
